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Bahrain	Din.0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr.38	Japan	Y650	Singapore	S$ 4.10
Canada	C$2.00	Jordan	Fils.500	Spain	Pta 115
Cyprus	C£0.60	Kuwait	Fils.500	Sri Lanka	Rup 30
Denmark	DKr.7.25	Lebanon	£L 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr.38	Switzerland	SFr2.20
Finland	Fmk 6.00	Malaysia	Rm 4.25	Taiwan	NT $85
France	FFr. 6.00	Mexico	Pes. 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 215
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr. 6.00	U.S.A.	$1.50
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,605

Monday April 22 1985

D 8523 B

A quandary for Europe over star wars, Page 19

World news

Israel sets date for Lebanon withdrawal

Israel has set June 1 as the date for final withdrawal of troops from Lebanon, five days before the third anniversary of the controversial invasion of Lebanon.

Ministers voted 17-3 for the proposal to withdraw all forces to the international border, while creating a security buffer zone between seven and 15 km north of the border.

Meanwhile, heavy overnight fighting between Moslem and Christian militias near the Sidon Palestinian refugee camp left 10 people wounded. **Page 20**

Free trade zone

The Israeli Cabinet has approved an agreement to establish a free trade zone with the U.S., gradually eliminating custom tariffs between the two countries. **Page 4**

Neves hopes fail

Doctors now believe there is no chance of saving the life of Brazilian President-elect Tancredo Neves, but they cannot predict when the end will come.

Anti-Nato bombing

AEG-Telefunken offices in Brussels were damaged in the second anti-Nato bombing in two days. An unknown organisation claimed responsibility. **Page 2**

44 dead in fire

A cinema fire in Tabaco, central Philippines, killed at least 44 people and injured 50. The fire was started by an explosion.

Marathon win

Norway's Ingrid Kristiansen won $75,000 after recording a women's world best time of 2hr 21 min 6 sec in the Mars London Marathon. The men's winner, Steve Jones, of Wales, beat last year's winner Charlie Spedding, of England, with a time of 2 hr 8 min 16 sec.

Ten miners die

Ten gold miners at Welkom, 200 km south of Johannesburg, were killed and eight injured in an inter-tribal feud.

Gibraltar talks

The U.S. is negotiating for its Sixth Fleet to use the facilities of Gibraltar's shipyard, the former British naval dockyard.

Queen's Awards

Ninety British companies have been granted the Queen's Award for Export Achievement, two more than last year, and another 29 have won the award for technological achievement. **Page 10-11.**

German 'shame'

Chancellor Helmut Kohl said at Bergen-Belsen concentration camp that Germans bore never-ending shame for the atrocities committed by the Nazis. President Reagan is due to visit the camp in two weeks to balance a visit to a Nazi war cemetery. **Page 3**

Everest scaled

Briton Chris Bonington and a party of five have reached the summit of Mount Everest. Bonington, 50, is one of the oldest of the 169 people who have climbed the mountain.

All Black protests

A New Zealand anti-apartheid group has planned a 12-week campaign of protests aimed at forcing the cancellation of the All Blacks rugby tour of South Africa.

Oil slick battle

An Elf oil pipeline from a pumping station south of Paris has burst and firemen are battling to contain a 15 km oil slick on the Orge river.

Briefly . . .

Ayrton Senna (Lotus, Brazil) won the Portuguese grand prix in Estoril after heavy rain ended the race.

UK police arrested 16 anti-cruise missile protesters after they broke into a U.S. base north of London.

Business summary

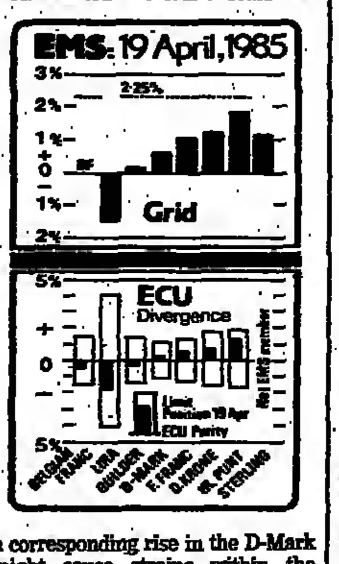
CBS to challenge $3bn bid by Turner

CBS, the U.S. broadcasting group, is expected to challenge today the financing of the controversial $3bn bid for the company made by Mr Ted Turner, the Atlanta television entrepreneur, last week. **Page 23**

***EUROPEAN** Monetary System*: The dollar's continued weakness last week started a revival of fears that a corresponding rise in the D-Mark might cause strains within the EMS.

Significantly, the Dutch central bank was an active seller of D-Marks from time to time in order to dilute the effects of a lower trend in Dutch domestic interest rates. Consequently the D-Mark showed little overall change on the week in relation to its central rate.

The Danish krone fell quite sharply from its position as the strongest member and was replaced by the Irish punt. The lira and Belgian franc both remained at the lower end of the system but were well within their respective divergence limits.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

TOKYO share prices improved in Saturday's half-day session, led by bargain hunting in pharmaceuticals. The Nikkei Dow market average rose 117.27 to 12,232.07 and the Stock Exchange index gained 7.38 to 955.98.

EEC FARM ministers are likely to reject a radical revision of rules aimed at containing cereals surpluses, at talks beginning in Brussels today. **Page 2**

HUNGARY may purchase cars from western Europe, Japan or North America to make good an increasing shortfall in supplies from its Communist partners in the next five years. **Page 4**

LONDON STOCK EXCHANGE proposals to regulate conflicts of interest came under attack from Barclays de Zoete Wedd, securities group being assembled by Barclays Bank for the future financial services revolution in Britain.

OIL PRICES have a one-in-four chance of collapsing in the near future, according to a Lloyds Bank Review article. **Page 6**

RUBBER: Talks on new international natural rubber pact start in Geneva today with Malaysia expected to press strongly for a substantial rise in the price range covered by the current agreement. **Page 20; Feature, Page 18**

TENNECO, the U.S. oil and gas group, has won concessions from the French Government on the possible purchase terms of International Harvester's three loss-making French farm equipment plants. The concessions include the principle of capacity closure. **Page 21**

DSM, the Dutch chemical group, is discussing with Toyo Soda Manufacturing of Japan a possible joint venture to make and market the sweetener aspartame in Europe.

Industrial powers clear way for fresh trade talks

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE SEVEN leading industrial powers are set to announce a new round of trade talks at the economic summit meeting that starts in Bonn on May 2. That follows a hard-won compromise agreement reached at the weekend at the close of the World Bank and International Monetary Fund meetings in Washington.

Until late on Friday, the poorer nations, led by India, had been refusing to accept proposals from the U.S. and other countries for a new round of talks under the auspices of the General Agreement on Tariffs and Trade (Gatt). They were worried that new talks would concentrate on trade relations between richer countries, particularly Japan and the U.S., to the detriment of the Third World's interests.

In particular, they wanted an undertaking that industrial countries would honour their obligations under the last Gatt agreement in 1979 before proceeding to a new round of talks.

Late on Friday, however, after seven hours of tense discussion, a compromise was struck, which appeared to satisfy both sides represented in the IMF and World Bank's Development Committee. That is the ministerial body that considers mainly Third World issues.

The agreed formula called on all countries to abandon protectionist practices outlawed by existing international treaties and suggested that "serious efforts", to carry forward the unfinished business of the 1982 Gatt work programme could provide the basis for a new round of talks.

That seems to have lessened the risk that some countries might boycott the trade talks, which the U.S. Administration thinks are urgently needed if only to hold back the rising tide of protectionist sentiment in Congress.

It is now expected that the summit leaders will propose a date for the start of a new round of talks next year.

They will, at the same time, be considering a series of proposals prepared by the IMF and by officials of the 10 leading industrial powers (the Group of Ten) for improving the stability of the world's monetary system.

France, which argues that many current trade tensions are the direct result of policies that have led to an overvalued dollar, still believes that the monetary and trade talks should be formally linked. However, most of the other industrial countries believe that although there are links, the two sets of issues should be considered separately.

At the end of last week's series of meetings, the consensus among senior ministers appeared to be that progress could be made towards expanding the IMF's policing role over the policies of the industrial nations. The aim would be to prevent exchange rates, particularly the dollar, from swinging as far out of equilibrium as appears to have been the case recently.

The proposals envisage that increased "surveillance" by the IMF and perhaps more publicity for its findings, could reduce the mismatch of economic policies, and therefore of exchange rates.

The chief difficulty for ministers is to decide whether it is possible to define even a broad range of exchange-rate values that seem to accord with fundamental economic relations.

The U.S., in particular, remains sceptical about any idea for official "target bands" for exchange rates. There was evidence last week, however, of a very significant move from earlier ideas that exchange rates should be left entirely to the markets.

Most obviously, there was near universal agreement that the U.S. dollar remained overvalued in relation to its trading position. That view is clearly set out in the IMF's latest world economic outlook, and more significantly, has been put

Continued on Page 20

Editorial comment, Page 18

Brazil split over $9bn public sector deficit

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE FIVE-week-old Brazilian Government of President Tancredo Neves is deeply split over how to tackle an uncovered public-sector deficit for 1985 estimated at cruzeiros 53,000bn, equivalent to $9bn at the likely average exchange rate for the year.

The size of the deficit, which is considerably higher than had been estimated by the former Figueiredo Government, was disclosed last week by Sr Francisco Dornelles, the Finance Minister.

Sr Dornelles is to present the issue to Congress next month, leaving it to the politicians to decide within 30 days whether to authorise an increase in taxes, or further cuts in state spending, or else a straightforward increase in the money supply to deal with the public-sector shortfall.

However, ahead of the important congressional debate, the Finance and Planning Ministries are themselves sparring over the best course of action. While Sr Joao Sayad, the Planning Minister, would like to see an all-round increase in taxation and welfare payments, Sr Dornelles is holding out for tighter monetary controls and reduced government expenditure.

The debate is likely to coincide with the resumption, in earnest, of Brazil's foreign debt negotiations with its creditors and parallel talks with the International Monetary Fund on a new austerity programme, giving added significance to what is already a highly charged issue in Brazil.

An estimated 70 per cent of Brazil's foreign debt is owed by the public sector, particularly the big state corporations. In March alone, those cash-strapped giants were unable to meet cruzeiros 1,500bn ($362m at the exchange rate then) in foreign debt payments, forcing the burden on to the federal treasury and, in turn, automatically increasing the domestic public-sector borrowing requirement.

In the absence of President Neves, who remains critically ill in a Sao Paulo hospital, no firm lead to the new civilian government has been given by his replacement and automatic successor in the event of death, Sr Jose Sarney. Inevitably, that has led to the new economics team's divergences of opinion – on external as well as domestic issues – being fought out in public.

Last Friday, Vice-President Sarney gave a clear signal that, for his own political reasons, he finds the Planning Minister's approach more palatable. Even though it will increase the budget deficit, he gave approval for a controversial cruzeiros 12,000bn ($2bn) emergency programme to meet basic needs in the areas of foodstuffs, sanitation and public housing.

How the funds will be raised for the programme – a pre-inauguration promise by the Neves Government – has not been decided. But all government ministries are already meant to be hard at work looking for areas of savings on previously budgeted items.

Star wars plan set to dominate Western European Union talks

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN BONN

PRESIDENT REAGAN'S strategic defence initiative (SDI), popularly known as the star wars programme, is expected to dominate the two-day meeting of European Foreign and Defence Ministers which begins in Bonn today.

The Western Europe Union (WEU) meeting is the first since ministers from the seven member countries (Britain, France, West Germany, Italy, the Netherlands, Belgium and Luxembourg) agreed to reactivate the dormant 30-year old organisation in Rome last October.

Although the SDI is not on the official agenda of the meeting because of general nervousness that the U.S. might interpret it as an attempt to reach a joint European position on the subject, all member governments agree that such an important defence policy issue must be discussed, at least informally.

The main discussion in the long-term strategic implications of SDI, about which several European governments have expressed concern, and on European participation in the SDI research programme, is therefore likely to take place at a dinner of the 14 ministers tonight.

American sensitivity about the creation of any separate European identity in defence matters was reflected in a letter sent in January this year by Mr Richard Burt, the U.S. Assistant Secretary of State for European Affairs, to WEU member governments. In that letter, Mr Burt specifically cautioned European governments not to reach a common position on arms control matters outside the Nato framework.

Although some governments, such as Britain, appear to have taken Mr Burt's warning to heart, others such as France and West Germany, are anxious that European countries should adopt a common position in WEU, specifically on their participation in the SDI research programme.

In an important policy statement in the Bundestag last week, Herr Helmut Kohl, the West German Chancellor, said the adoption of a common stance on SDI by the European countries would enable them "to bring to bear more effectively our specifically European interests in our relationship with the U.S."

At the same time, Herr Kohl expressed his Government's full support for the latest French proposal

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Pentagon seeks way round ABM treaty, Page 3; Europe's star wars quandary. Page 19

Unocal to spin off assets in takeover defence

By William Hall in New York

UNOCAL, the embattled U.S. oil group, plans to spin off a third of its oil and gas reserves into a limited partnership in a further move to fight off the unwelcome $9.4bn takeover bid from Mr T. Boone Pickens, the Texas oilman.

The Los Angeles-based oil company said it would place 45 per cent of its domestic proven oil and gas reserves, equivalent to a third of the group's worldwide reserves, into Union Exploration Partners, which would be listed on the New York Stock Exchange.

Unocal has yet to decide whether to distribute the shares in its limited partnership, which would control about 240m barrels of oil and 2.2bn cubic feet of natural gas, to its shareholders or to sell them directly to the public.

Later today, Mr Pickens will take his case before Unocal's institutional shareholders in New York, and might use the occasion to unveil his plans to defeat Unocal's defensive moves.

The advantage of Unocal's latest ploy is that it could raise substantial sums of money which could be used to support its share price in the event that Mr Pickens withdrew his $54 per share bid.

Unocal's partnership plan is the latest twist in one of the roughest takeover battles yet witnessed in the U.S. oil patch. Last week Unocal unveiled a "scorched earth" tactic which would make the takeover prohibitively expensive for Mr Pickens and his associates.

The oil company announced that if Mr Pickens won majority control it would swap the remaining 49 per cent of its shares of a $6.3bn package of debt securities worth the equivalent of $72 per share.

Unocal's "scorched earth" policy has been criticised by many big institutional shareholders, which fear it will drive Mr Pickens away and lead to a collapse in the value of their shareholdings. Before Mr Pickens began buying the stock Unocal's shares were trading in the low $30 range. On Friday they closed at $47.50.

There has been widespread speculation that Unocal's debt offer would be challenged in the courts by institutional shareholders.

Unocal's limited partnership plan is in many ways similar to the "royalty trust" concept which Mr Pickens himself pioneered. In his pursuit last year of Gulf, the fifth biggest U.S. oil company, Mr Pickens frequently argued that Gulf should enhance its shareholders' value by spinning off a large part of its oil reserves into a royalty trust, of which

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Reagan warns over Managua peace offer

BY REGINALD DALE IN WASHINGTON
AND TIM COONE IN MANAGUA

NICARAGUA yesterday made a new peace offer in its war with the anti-Government "contra" guerrillas, as President Ronald Reagan redoubled his efforts to win Congressional approval for new U.S. aid to the rebels.

Mr Reagan bitterly attacked a Democratic alternative to his latest $14m aid plan as a "shameful surrender" to the Sandinista Government and alleged that Soviet military personnel had entered a battle zone in northern Nicaragua.

In his weekend radio broadcast on Saturday, Mr Reagan tried to pre-empt the new offer from Managua by warning that the Sandinistas would "put forth an eleventh-hour, so-called peace proposal" which he said would be a "cynical attempt to manipulate public opinion and our Congress."

Mr Reagan accused the Sandinistas and "their misguided sympathisers" in the U.S. of running "a sophisticated disinformation campaign of lies and distortion," in advance of tomorrow's Congressional voting on his aid plan.

The Nicaraguan offer was made by President Daniel Ortega in a private meeting with two Democratic senators, Mr Tom Harkin and Mr John Kerry, who have just completed a brief fact-finding visit to Nicaragua.

The offer includes a ceasefire with the FDN guerrillas, the principal U.S.-backed Contra organisation; the lifting of all press censorship; and a restoration of all civil liberties, if the U.S. stops completely both covert and overt funding to the Contras.

Most reporting and civil-liberty restrictions were lifted last year, before the U.S. presidential election, but the local press still faces tough censorship on reporting political and military affairs. The foreign press has never been censored.

Mr Reagan has accepted defeat in his bid to provide the Contras with $14m in military aid, and accepted that the aid should be for "non-lethal" or humanitarian purposes. A fierce Congressional battle, however, is still raging over how such aid should be distributed, to whom, and on what it could be spent.

While Mr Reagan wants the aid to be channelled to the Contras through the Central Intelligence Agency, Democrats in the House of Representatives have put forward an alternative plan under which none of the $14m would go directly to the rebels fighting in Nicaragua.

Under the Democratic proposal, $10m would go to international relief organisations helping Nicaraguan refugees and the remaining

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Paris denies switch on state ownership

BY DAVID HOUSEGO IN PARIS

THE FRENCH Socialist administration yesterday flatly denied that it would reduce the state's 100 per cent holding in the nationalised industries before the parliamentary elections in March next year.

The formal denial was made by Mme Edith Cresson, the Minister for Industry and External Commerce, whose loosely chosen words in an interview three weeks ago provoked rumours that the Government was considering some moves towards denationalisation to spike the opposition's guns in advance of the elections.

The rumours grew apace last week when Saint-Gobain, the diversified French glass producer, announced that it would be offering to the public a 15 per cent stake in its packaging subsidiary Saint Gobain Emballage.

Repeated denials, off the record, by senior officials that the Government had no privatisation plans failed to damp down the flames. Mme Cresson, no doubt prompted by M Laurent Fabius, the Prime Minister, thus returned to the charge herself.

Mme Cresson said yesterday that there was "no question of the Government renouncing its 100 per cent stake" in the nationalised industries between now and the elections. In a reference to Saint Gobain, she said that the Government had nationalised the parent companies but not their subsidiaries.

The Government has been embarrassed by the controversy because of the damaging impact on Socialist party morale of such a potential U-turn on an important plank of the party's platform. The Communists have accused it of collusion with the right.

CONTENTS

OVERSEAS NEWS

EEC cereal scheme faces rejection

BY IVO DAWNAY IN BRUSSELS

A RADICAL revision of rules aimed at containing EEC cereals surpluses yesterday looked certain to face rejection from farm ministers due to begin two-days of talks in Brussels this morning.

The new scheme, drawn up by the farm council's Italian presidency along with European Commission officials, attempts to break the deadlock over grains prices which has held up agreement on Community farm prices for 1985-86.

First reactions to the proposals—formally presented to delegations yesterday — suggest that they will meet objections from both ends of the spectrum of opinion on the cereals issue.

West Germany, whose refusal to countenance any cut in prices has stalled the talks, will politely insist that the compromise is too tough on farmers.

The UK, the most vociferous supporter of price cuts, is likely to see the offer as too generous.

The roots of the peace plan stem from a substantial reworking of the system of guarantee thresholds.

These are the production ceilings which, if exceeded, force punitive price cuts of up to 5 per cent from the rates paid to farmers selling their grains to Community stores.

Despite a record harvest last year, the Commission's price proposals ignored the spirit of the existing thresholds. system by calling for a 3.6 per cent price cut instead of the 5 per cent that should have been triggered.

Even this reduction, however, was too much for Herr Ignaz Kiechle, the West German minister.

The compromise, in effect, postpones the decision on prices until the autumn by relating the final decision to the size of the coming harvest. If it is smaller than expected then the plan holds out the remote possibility of no price cuts.

However, this too is not expected to satisfy Herr Kiechle who has promised his farmers there will be no cuts whatsover. Furthermore, he is likely to point out that the technical detail of the plan will depress free market prices and crea incentives for farmers to sell EEC stores, rather than look f better prices in the ope market.

The British, on the othe hand, can be expected to reje the scheme as a further weake ing of an already ineffectu restraint system.

It remains to be seen, how ever, whether the compromis will be rejected outright or i it is used as a starting point fo new efforts to break the dea lock at the next schedule meeting next month.

Either way, Herr Kiechle wi be anxious to appear concilia tory and flexible, in an effort t avoid the ultimate possibility o a vote on the cereals price issu which he would certainly lose

Europe to decide space base role

Peter Marsh previews a European Space Agency meeting where participation in the $12bn U.S. space station will be discussed

WEST EUROPEAN nations are due to decide this week on the formal basis under which they will participate with the U.S. on design studies for the $12bn (£9.3bn) international space station planned for the 1990s.

Representatives of 11 countries meeting in Paris on April 24-25 under the auspices of the European Space Agency are to consider a draft agreement with the U.S. National Aeronautics and Space Administration under which the two organisations would exchange information during the two-year design phase.

The schedule calls for the countries to decide on a final blueprint for the space station by the end of next year. The U.S. and Western Europe then would have to sign a further binding agreement. possibly a treaty, to commit all parties to build the main orbiting base. It is due to be in place by 1994 for use for scientific experiments and studies in areas such as low-gravity materials processing.

The U.S. last week signed an agreement on the design phase with Canada, which is to study ways of maintaining the space station using robots and other automated systems.

Nasa officials are due to initial a further concordat on design studies with Japan in Tokyo on May 9.

Japan, like the Europeans, plans to build a separate laboratory module which would be plugged into the central U.S. core of the base, which includes living accommodation for up to eight people stretched out along a tower about 100 metres long.

The complete structure would be in orbit 350 km above the Earth and serviced by shuttle flights four times a year.

It is believed the U.S. will put up two thirds of the cost, with the other countries contributing the rest.

Last week, eight teams of U.S. engineering companies started work to define the overall architecture for the station. In the studies, worth $67m Rockwell is leading two of the engineering teams, and other projects are led by McDonnell Douglas, Boeing, Martin Marietta, RCA, General Electric and TRW.

Mr Ken Pedersen, Nasa's director of international affairs, said that managing the design and development of the stations would be a big challenge.

"The size of the base and the schedule for building it means we will be feeling our way. We will have to solve problems that no one has had before," he said.

Among the issues to be thrashed out at inter-governmental meetings during the design phase is a legal mechanism to ensure that the U.S. can control the transfer of technologies to its partners during the development work.

Any exports from the U.S. to the other countries of space technologies judged to be applicable to military work would have to be licensed under American arms trade regulations. European, Canadian or Japanese companies participating in the programme will probably have to sign undertakings that they will not divulge details to third parties.

These rules are to preclude any leaks of sensitive technologies to the Soviet Union and to safeguard the commercial rights of U.S. companies involved in the work.

A U.S. State Department official said: "The technology transfer issue should not be a problem in principle. We think we can live with it."

Other subjects on which the countries will need to reach agreement by the end of 1986 are:

- The share that different nations will pay for the annual running costs of the station. So far Nasa engineers have only vague estimates for what this sum will be. Participating nations may be billed each month depending, for example, on the work they do in the station and the amounts of electricity they use;
- A legal framework for allowing individual companies or researchers, to have patent rights over technologies they develop on board the station, for instance in new ways of processing drugs in zero gravity. The U.S. will insist that its representatives have free access to all parts of the station to ensure safety; so schedules will have to be arranged to ensure that researchers can carry out commercially sensitive work in privacy;
- The basis for management of the station, after it becomes operational. The nations will have to agree on how decisions affecting the base's use will be made, and also on issues such as which country's code of law will apply if, for example, people commit crimes while aboard the base.

Mr Pedersen said that other countries besides those with which Nasa is already holding talks could use the orbiting structure after it becomes operational. The U.S. has had preliminary discussions on this with Brazil, Australia and India.

The Soviet Union would not be ruled out from being allowed to use the station, said Mr Pedersen, but everything would depend on the political climate in the 1990s.

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Kohl's prelude to Reagan visit fails to appease Nazi survivors

BY PETER BRUCE IN BERGEN-BELSEN

Just before the British Army arrived to liberate this concentration camp on April 15, 1945, Anne Frank, then aged 15, died. She was one of 100,000 Jews, Gypsies and Russians who perished in Bergen-Belsen during the Second World War.

President Ronald Reagan will probably have been told this by the time he visits the camp on May 5 with Chancellor Helmut Kohl, the West German leader, as part of his already-controversial planned visit to Germany.

Herr Kohl came here yesterday as a guest of the Central Council of German Jews to mark the 40th anniversary of Bergen-Belsen's liberation. He did not look comfortable.

The visit, virtually a dress rehearsal for Mr Reagan's trip was near chaos. A young girl sunned herself against a stone inscribed with the words "Here rest one thousand dead." Television cables wound around the graves; a woman who survived the camp and had travelled from Israel for the ceremony, was hit on the head by an American television camera.

At the Jewish memorial, Mr Cheim Posluszny, chairman of the Bergen-Belsen Survivors' Organisation and now living in Tel Aviv, used his speech to demand that Herr Kohl, standing with Dr Richard von Weisaecker, the Federal President, in the crush a few feet away, should catch and try Josef Mengele, the "butcher" of Auschwitz.

Herr Kohl, determined to live up to his boast of being the country's "first leader of the post-war generation," looked straight ahead. Next to him, the President bowed his head.

As the two leaders turned to leave, an old man leaped to the microphone and shouted at Herr Kahl for not banning a new neo-Nazi newspaper. The Chancellor once again (as he does when under attack), looked blank. The President turned to watch his response but it was drowned in the cheering following the impromptu speech.

It was hard to say just how many of the 3,000 people at the camp yesterday were German: many were young, apparently curious about what their leaders looked like in the flesh. Many were survivors who had travelled from abroad, and they were not impressed with the way plans for the Reagan trip have been handled.

The prospect of having a large U.S. television and Press presence, (including the famed White House press corps) in addition to the other international and local media interest that the Reagan visit has generated, threatens to turn Bergen-Belsen into a fairground.

Herr Kohl, for his own part, has an uncomfortable few weeks ahead as the May 8 anniversary of Nazi surrender approaches. He may now be regretting rescheduling the world economics summit in Bonn for early May to coincide with the anniversary.

His address at Bergen-Belsen yesterday was careful. As much as he would like to put Germany's Nazi past behind him, he now knows he simply has to promise never to forget it.

"Germany bears the responsibility for the deeds of the Nazi regime," he said, "and this responsibility manifests itself in never-to-be-forgotten shame."

The next few weeks at least offer Herr Kohl another opportunity to signal to the Soviets and East Europeans that Bonn, despite the continual mutterings to the contrary from the Right of his party, has no designs beyond its present borders and no desire to return to the practices of 40 years ago.

U.S. peace talk plan rejected by PLO

A SENIOR Palestinian guerrilla leader said yesterday that the Palestinian Liberation Organisation had rejected U.S. proposals for Arab-Israeli peace talks as insolent, AP reports from Kuwait.

Mr Shalah Khalaf, known as "Abu Iyad," second in command of the PLO's guerrilla group Fatah, told a news conference in Kuwait that the proposals by Mr Richard Murphy, U.S. assistant secretary of state, called in part for "direct negotiations" between the PLO, the U.S. and Israel.

He said that a joint meeting of the Fatah and PLO leaderships, held in Iraq, had decided to reject the proposals, which called on the PLO publicly to accept the UN Security Council Resolutions 242 and 338 and recognise Israel's right to exist, he said. The U.S. and Israel would then accept the PLO's representatives on the joint Jordan-Palestinian negotiating team for peace talks with Israel.

Mr Khalaf said that Mr Murphy had warned Fatah that, should these proposals be rejected, non-PLO Palestinians would be named to join the Jordanian negotiating team and the "PLO would not be represented."

"These proposals by Murphy amount to insolence that should be added to the chain of previous acts of insolence committed by America," Mr Khalaf said. He warned all non-PLO Palestinians to "shun America and Israel, or you would be dealt with (by the PLO) as traitors."

Mr Khalaf insisted that the PLO be represented and recognised by all parties in any peace negotiations with Israel.

"We are not going to bargain with the U.S. on the principle of (PLO) representation," he said. "The Murphy proposals are indicative of the way the Americans belittle Arabs, even the Arah countries that have strong ties with Washington."

Sudan's military leaders appeal for more food aid

BY MICHAEL HOLMAN IN KHARTOUM

SUDAN'S new military leader, General Abdul-Rahman Swareddahab, has appealed to foreign donors for additional food and other support to help avert "very major hardship" in the latter half of 1985 affecting more than 5m people, including 1m children.

The general told diplomats and donors that existing food-aid pledges were inadequate; unmet cereal needs exceeded 400,000 tons, and a further 30,000 tons of supplementary foodstuffs were required.

"Food reserves from the poor 1984 harvest are likely to be exhausted by uly," he told the meeting

Efforts to build up stockpiles of food, especially in the west where more than 1m refugees from Ethiopia have gathered, are handicapped by poor facilities at Port Sudan and the inadequacies of the railway system.

General Swareddahab has taken personal responsibility for the running of the Government's High Commission for Drought and Desertification. But efforts to select a 15-member Cabinet to run the country during 12-month transition to elections remained deadlock at the weekend.

Officials from political, parties and trade unions now describe the week-long talks as having reached a stalemale with the civilians and military unable to agree on the composition of hte Cabinet.

Algeria improves U.S. ties

By Francis Ghiles in Washington

THE CREATION of a joint economic commission between the U.S. and Algeria, which was agreed during Algerian President Bendjedid Chadli's six-day visit to Washington, underlines the extent to which relations between the two countries have improved.

The decision came shortly after President Ronald Reagan agreed to make Algeria eligible to buy weapons under the foreign military sales programme.

That improvement, however, in no way impeded the expression of divergent views on some important issues. The Palestinian issue was high on the agenda, President Chadli telling his host that Palestinian self-determination and the Palestine Liberation Organisation, had to be part of any Middle East peace process at every stage.

This was being said while Mr Richard Massey Jnr, Assistant Secretary of State for Near Eastern and South Asian Affairs, was busying himself in the Middle East trying to persuade Arab nations to produce a list of Palestinians not identified with the PLO, who might be willing to negotiate with Israel in a Jordanian-Palestinian delegation.

The Algerian leader also expressed his fears about an extension of the 10-year-old conflict over the future of the Western Sahara. He dated the hardening of Morocco's position last year to August, when King Hassan concluded a treaty with the Libyan leader, Col Muammar Gadaffi, an act which still upsets many of President Reagan's political friends.

That treaty has just claimed its first prominent victim, Mr Joseph Verneer Reed, U.S. Ambassador to Rabat, who is being recalled and not given another ambassadorial post.

For the first time an Algerian leader warned Libya against meddling in Tunisian affairs. Tunisia has a treaty of co-operation with Algeria, and on this issue there is little doubt that U.S. and Algerian positions coincide. Where the Western Saharan issue is concerned, the U.S. Administration has maintained an official neutral stance but has shipped many arms to Morocco, a country to which it provides considerable military aid.

Where the eventual purchase of U.S. weapons is concerned, the Algerian leader said his country had no immediate plans to buy any hardware

Ghanaians go home

The first of some 700,000 illegal aliens being expelled from Nigeria have sailed home to Ghana aboard a Nigerian oil tanker, according to Accra aRdio. AP reports from Landal

Tribal fighting

Then people were killed and eight injured yesterday during a tribal feud at a oSuth African gold mine, according to the Anglo American Corporation, Reuter reports from Johannesburg.

Pretoria veto call

Delegates from the Non-Aligned Movement adopted a declaration calling for the isolation of South Africa and demanding an urgent meeting of the United Nations Security Council over Namibla (South West Africa), Reuter reports from New Delhi.

Pentagon seeks ways round ABM treaty

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE PENTAGON has devised ingenious plans to test elements of President Reagon'a proposed Star Wars space defence systems without apparently violating the 1972 Anti-Ballistic Missile (ABM) Treaty with the Soviet Union.

At the same time, however, the Pentagon hinted that the U.S. might in future disregard treaty constraints if Soviet violations continued.

The plans, outlined to Congress at the end of last week, were already under fire from critics yesterday for stretching the interpretation of the treaty to extreme limits through judicious use of loopholes and so-called "grey areas."

The treaty specifically bans the development, testing or deployment of any "component" of a space based missile defence system, although it is vague about precisely what a "component" means.

To get round the prohibitions, the components would be slightly modified so that they could not be used to attack intercontinental ballistic missiles in the exact form tested—although the tests would still allow conclusions to be drawn on whether the technology was suitable for such purposes.

One such strategem would be to test the capabilities of warhead destruction devices against Soviet anti-satellite weapons rather than ballistic missiles.

Another would be to test ground based laser weapons at strengths lower than those needed to knock out a missile in flight.

Other elements, such as space based tracking systems, would be tested below the performance levels necessary to form part of an effective Star Wars system. Using such guidelines, research into the viability of the weapons could be conducted without technically violating the ABM treaty, the Pentagon said.

The approach was attacked at the weekend as "a total fraud," by Mr Paul Warnke, who headed the Arms Control and Disarmament Agency under President Jimmy Carter. He warned that the Pentagon's tortuous reasoning "would bring the total arms control business into disrepute."

Other critics charged that the Pentagon's plans were encouraging the "erosion" of the ABM treaty rather than restoring its authority.

Nato tightens security after bomb attacks

BY IVO DAWNAY IN BRUSSELS

EFFORTS were under way yesterday to tighten further security on buildings and individuads linked to Nato after two terrorist bomb explosions rocked the Belgian capital at the weekend.

Responsibility for the attacks, which caused extensive damage to buildings and slight injuries to two people through flying glass, was claimed by the hitherto unknown Force Revolutionaire de l'Armee Populaire in telephone calls to the national broadcasting authority

Police officials believe, however, that the new group is likely to have close connections with the West German Red Army Faction and France's Action Direct,

Belgium has been hit by a series of terrorist attacks aimed at Nato or Nato-related targets since October last year, all of which have been claimed by the equally-shadowy Cellules des Combattantes Communistes.

The bombings last weekend began with a large explosion on Saturday at the city centre offices of the North Atlantic Assembly — the 16-nation interparliamentary group that monitors Nato activities. The blast caused serious damage to the secretariat's ground floor offices

The second attack came in the early hours yesterday at the offices of AEG-Telefunken, the electronics group, in a Brussels suburb, leaving substantial damage but no injuries.

Mexican peasants in police clash

By David Gardner in Mexico City

MEXICAN peasants bearing land title deeds handed to their forebears 70 years ago by the revolutionary army of Emiliano Zapata clashed with riot police on a disputed estate near Mexico City on Friday. Peasants said a number of people were killed but the authorities denied this.

The peasants were occupying 186 hectares of lend at Tequixqniac handed to their parents and grandparents on December 5, 1914, by Zapate's Southern Liberation Army.

The peasants said police opened fire on them, in a bid to clear them off the land, while local Government officials said the occupiers attacked the police.

Clashes involving loss of life are a regular occurrence in Mexico, where argrarian reform programmes watered down from Zapata's original ideas have given rise to unresolved disputes but, unusually, the Tequixquiac clash was witnesse and reported by journalists and photographers from Mexico's leading daily, Excelsior.

Corcovado Mountain, Rio de Janeiro.

WORLD TRADE NEWS

Turkish-led group favourite to clinch Bosphorus contract

BY DAVID BARCHARD IN ANKARA

A CONSORTIUM headed by the Turkish construction group Sezai Turkes-Feyzi Akkaya has emerged as the favourite to win the tender to build the second Bosphorus Bridge.

The consortium, which also includes I.S.I., Mitsubishi Heavy Industries and Nippon Kokan of Japan, as well as Impregilo of Italy, submitted a bid of $551.2m (£423m)—$125m below its nearest rival, a consortium consisting of Enka Construction of Turkey, Cleveland Bridge Engineering of the UK, Bechtel Engineering of the U.S. and Strabag Bau A.G. of Germany.

The contract award is likely to depend on financing arrangements, and Sezai Turkes-Feyzi Akkaya are thought to have lined up firm credit arrangements for the deal from Japanese banks.

Five companies prequalified for the construction of the bridge and 200 km of motorway and access roads. Only four bids for the turnkey project were eventually received, but another three consortia, headed by Tekfen Insaat of Istanbul, Yuksel Insaat of Istanbul, and Bahattin Goren of Istanbul respectively were received for the roadworks.

The Enka-Cleveland-Bechtel consortium, originally tipped to win the tender, faces a tough struggle.

Precedent suggests that the Turkish highways authority will probably prefer to issue a single contract for all phases of the project.

In February Turkey secured a total of $146m in loans from the Saudi Development Fund and the Islamic Development Fund and the Kuwait Fund for the bridge and roadworks, and the winning group will have to supply the balance.

Turkey's first Bosphorus Bridge was opened in October, 1973, and paid for itself within five years.

● Trust House Forte of the UK and Sambar of Saudi Arabia are to restore the Ottoman Ciragan Palace on the shores of the Bosphorus in Istanbul for use as a five-star hotel.

A protocol with the Turkish Ministry of Tourism and Culture for the restoration and conversion of the palace was signed last week in Istanbul.

The financing for the scheme, which will cost $100m, will be found by the contractors who will have the right to run the hotel for 49 years with an annual rent of 0.5 per cent of the total investment cost.

EEC places import duty on glycine from Japan

By Paul Cheeseright in Brussels

THE EUROPEAN Community is imposing a 14.5 per cent provisional anti-dumping duty on imports of a chemical called glycine from Showa Tenko and Tuki Gosei Kogyo in Japan.

Glycine is a crystalline amino acid used, for example, in the animal feed and pharmaceutical industries. Japan's market share in the EEC has risen from 42.4 per cent in 1980 to 53.7 per cent in 1984, when sales from the two companies were an estimated 1,531 tonnes.

The commission's decision follows an investigation of a complaint by Tessenderlo, the EEC's main producer, which only started regular production of glycine in January 1984.

When it opened a plant, EEC production capacity was swollen to 3,000 tonnes a year of glycine. Previous consumption had been around 2,000 tonnes a year.

Tessenderlo lodged its complaint, having been unable to lift its production beyond an uneconomic 53 per cent of capacity. The Commission accepted that it failed to achieve a higher capacity utilisation because of dumped imports from Japan.

Christian Tyler, trade editor, reports on the barriers facing U.S. and European exporters

West remains wary of Japanese markets

DUTCH tulip growers and American baseball bat makers have the same complaint: they find it very difficult to sell in Japan.

The examples are not entirely frivolous. Mr Ruud Lubbers, the Dutch Prime Minister, has been in Tokyo complaining about Japanese non-tariff barriers. He told his hosts last week that Japan was the only trading partner of the Netherlands which insisted on planting Dutch flower bulbs for virus checks before allowing shipments in.

The U.S. Administration made baseball bats a test case, applying the full weight of its civil service to attack import restrictions. As a State Department official said at the height of the campaign: "We have concentrated on each barrier as it arises and we shan't stop until we're selling baseball bats in Japan."

There is nothing new about Western manufacturers' protests about reciprocal access to the free world's second-largest economy, which last year ran a $37bn trade surplus with the U.S. and a $10bn surplus with the EEC.

But in recent weeks the political pressure on Japan, especially from the U.S. has greatly increased, even as the two economic superpowers jointly promote the idea of a new round of trade liberalisation negotiations to start early next year.

Mr Yasuhiro Nakasone, Japan's Prime Minister, went on a 10-minute shopping trip at the weekend at Tokyo's Takashimaya department store to try to persuade his countrymen to buy more foreign goods. Mr Nakasone, accompanied by cameramen and police, spent about Y71,000 (£222) at the store's import section. He bought an Italian tie and jacket, a French shirt and a British darts set for his grandson, agencies report from Tokyo. He sampled some Californian almonds, but bought nothing made in America.

Market access was also the main theme of the visit to Tokyo last week of Mr Norman Tebbit, Britain's Trade and Industry Secretary. Mr Tebbit was concentrating not so much on the UK's deficit—although he wants to see Britain able to sell more—but on the political dangers of Japan's persistent international surplus.

"Japan is the most difficult of all markets to penetrate," said Dr Trevor Lamb, executive chairman of the fluid power group of Britain's IMI. The group claims to be one of the world leaders in pneumatic controls, with a dominant position in the U.S., but finds it hard to make inroads in Japan with any product where the Japanese have local equivalents.

"The problem is overcoming bureaucracy and the cliquish, club-like existence they have," Dr Lamb said.

He said technical standards were a principal barrier—both because of the cost of matching them and the speed with which they changed.

"It's one of the devices they have used very successfully—constantly shifting the goal-posts." A foreign company needed a local presence in order to keep abreast of the rule changes.

It is easier than before to set up a wholly-owned subsidiary in Japan, but it is still difficult to recruit managers because of their strong loyalty to their first employers.

IMI says it is "extraordinarily difficult" to find the right distributor, again because of the prior claims of Japanese loyalty to domestic manufacturers. The British company may have to set up its own subsidiary if it cannot find a suitable partner. With the right local presence, IMI would expect to sell five times the £1m a year's worth of pneumatic equipment it presently exports to Japan.

Collaboration with a Japanese company was essential for Simon-Carves, the British process plant and port handling specialist, which has just sold its first £1.5m ship unloader there.

Mr Bert Massey, the sales director, said: "I think there is easier business elsewhere, but selling to Japan helps us. If you can say you have sold there people everywhere will sit up and listen to you—especially if you are facing Japanese competition in another market."

Simon-Carves, part of the big Simon Engineering Group, had to meet Japanese standards, but says it had little trouble meeting them with the help of the local partner's design office. Nor did it find the standards particularly exacting. Some parts of the grain unloader were fabricated and assembled locally.

Local competition appears to be a growing problem for machinery exporters, quite apart from the technical barriers which have still to be surmounted despite successive pledges by Japan to simplify its procedures.

JCB, for example, which has made its name a synonym for mechanical excavators, finds that the procedures have got progressively tougher. A few years ago, JCB used to sell Japan some 350 seven-ton wheeled digger-loaders a year. Today, the annual figure is three or four.

The JCB machine has been driven out by larger locally-built tracked excavators.

"It's my feeling that they are using old rules and regulations for strategic reasons," said Mr Gilbert Johnston, JCB's chief executive.

Those rules were set at a time when Japan insisted on manufacturing under licence, or by means of joint ventures with foreign partners, thus acquiring technology while protecting its infant industry. The result is that today it is flooding Europe with mechanical excavators, an assault on market share which only a few companies such as JCB have been able to resist by cutting prices.

"We have virtually given up trying to sell there, the barriers are so great and the volumes so small," Mr Johnston said. Two years ago, JCB shut down its office in Japan.

Nor is JCB making much effort to promote its latest model in Japan, a rough-terrain fork-lift truck with a telescopic boom which can reach as well as life.

"We have had discussions with people in Japan, but we really feel there are more accessible markets and we have concentrated on the U.S. and Europe." Mr Johnston explained.

Yet JCB believes the political efforts to prise open the Japanese market could bear fruit. If that pressure succeeds in creating a real propensity among Japanese buyers to consider foreign products on their merits rather than instinctively choosing the nearest Japanese equivalent, many exporters may be encouraged to try again.

Israeli Cabinet approves free trade pact with U.S.

BY DAVID LENNON IN TEL AVIV

THE U.S.-Israel agreement to establish a Free Trade Area (FTA) by progressively eliminating all tariff quotas and subsidies over the next 10 years was approved by the Israeli Cabinet yesterday and is due to be ratified by the Knessett (parliament) today.

The FTA pact, the first such accord to be negotiated by Washington, is intended to help strengthen the Israeli economy by opening up the vast American market to unrestricted access by Israeli products.

It will give American products the same tariff free privileges as those which Israel has agreed to grant to the EEC by the end of the decade.

The FTA agreement will replace the Generalised System of Preferences, arrangements, under which 90 per cent of Israel's $1.2bn (£920m) exports to the U.S. are already duty free.

Tariffs will be eliminated in four stages, with action on the most sensitive products for each country being deferred to the final stage.

There has been some criticism within Israel that the government agreement to eliminate all export subsidies for industrial goods and processed agricultural products could weaken the competitive edge of Israeli products. The agreement has been well received generally, however.

Hungary may buy Western cars

BY DAVID BUCHAN, IN BUDAPEST

HUNGARY is sounding out all major West European, U.S. and Japanese car makers about possible purchases to make good an increasing shortfall in car supplies from its Communist partners over the next five years.

So far it has only agreed a small countertrade deal with Fiat for 300 vehicles. But with the urgency of the car shortage, officials have even dusted off long-shelved proposals for a major foreign car assembly plant in Hungary.

Hungary, which along with Bulgaria depends for cars on its bigger Comecon brethren, imports around 100,000 cars a year, almost entirely from the east. But Budapest officials have seen from the first drafts of the new five-year plans of fellow Comecon countries that these imports may drop in 1986-90.

Hungarians already have to wait for up to five years for a Soviet Lada or a recent Czech Skoda model. Officials estimate that only an increase in imports up to around 130,000 cars a year would start to reduce these delays.

The only eastern European countries able to meet some of the Hungarian demand are Romania and Yugoslavia, but they are apparently demanding stiff payment terms, in hard currency or barter for "hard currency" goods.

In the circumstances, Hungarian officials believe they might be better off buying Western or Japanese cars. But they recognise that an economically viable assembly plant, turning out perhaps 180,000 cars a year, would be beyond Hungary's needs.

According to the Foreign Trade Ministry here, Hungary's preference would be to buy cars in countertrade for transport goods, such as vehicle components which Hungary makes for its own Ikarus buses.

● Iveco, the industrial vehicles division of the Turin-based Fiat group, has signed a five-year accord to supply Yugoslavia with components and spare parts, writes Alan Friedman in Milan.

Yugoslavia's Tam Vehicles group will meanwhile furnish components to Iveco.

The value of the deal is expected to be around 10bn (£3.8m) a year.

Mexico aims to boost UK exports

By Ronald Buchanan in Mexico City

MEXICAN BUSINESSMEN are turning their attention on Britain in their drive to boost the nation's non-oil exports.

The British Chamber of Commerce in Mexico says its Mexpo 85 show, to be held in London in June, is already over-subscribed by more than 100 exhibitors. Products on display will range from tequila to high-technology taxi meters.

The enthusiasm companies are showing for the show amounts to a "remarkable act of faith" in efforts to penetrate non-traditional markets far from home," says Mr Robert Hickman, president of the Chamber.

Despite ministerial visits and abundant good will, Anglo-Mexican trade continues to be of relatively little significance for either country. However, the Mexican Government is making a worldwide effort to boost non-oil exports as the principal means of easing the burden of its $96bn (£74bn) foreign debt and providing job opportunities for a potential workforce which is expanding at the rate of 900,000 young people a year.

Despite a $12.8bn trade surplus and a decline, to 63 per cent from 67 per cent in 1983, in crude oil's share of total exports last year, the Mexican authorities are far from satisfied. Their concern is reflected in a recently-announced export incentive programme.

SHIPPING REPORT

Volume of laid-up tanker fleet 'rises to 51.7m dwt'

THE GULF tanker market saw some action last week in the form of a further attack on a large vessel moving to Iran's Kharg Island terminal, and rates remained poor and enquiry low, writes Andrew Fisher, Shipping Correspondent.

Over the past month, according to E. A. Gibson Shipbrokers of London, some 32 vessels totalling more than 4.5m deadweight tons have been sold for scrap, while the size of the laid-up fleet has risen by around 1m dwt to 51.7m dwt since mid-March.

Around 9m dwt is available for business in the Gulf, most of it account for by VLCCs (very large crude carriers of more than 200,000 dwt) and ULCCs (ultra large of more than 300,000 dwt).

The vessel attacked last week was a 270,000 dwt VLCC, the Cypriot flag Kypros. But despite the risks from the Iran-Iraq war, cargoes are still being fixed from Kharg.

Four vessels were fixed for loading there at rates of around Worldscale 55 to the Red Sea, with different rates for charter options to destinations in the East and West. Another fixing of a 250,000 ton cargo was arranged with Italian charterers from Sirri Island in the Gulf to the Red Sea, with options of Worldscale 25 and 24 for East or West discharge respectively. Such rates are little changed from previous weeks.

Emphasising many shipowners' desire for an end to subsidies of new ships by countries keen to preserve their shipbuilding industries, Mr James Rand, chairman of the International Association of Independent Tanker Owners (Intertanko), called these a "gigantic waste."

He said Intertanko would formally ask shipbuilding countries to stop subsiding new vessels, calling on financial institutions to curb ship financing.

WORLD ECONOMIC INDICATORS

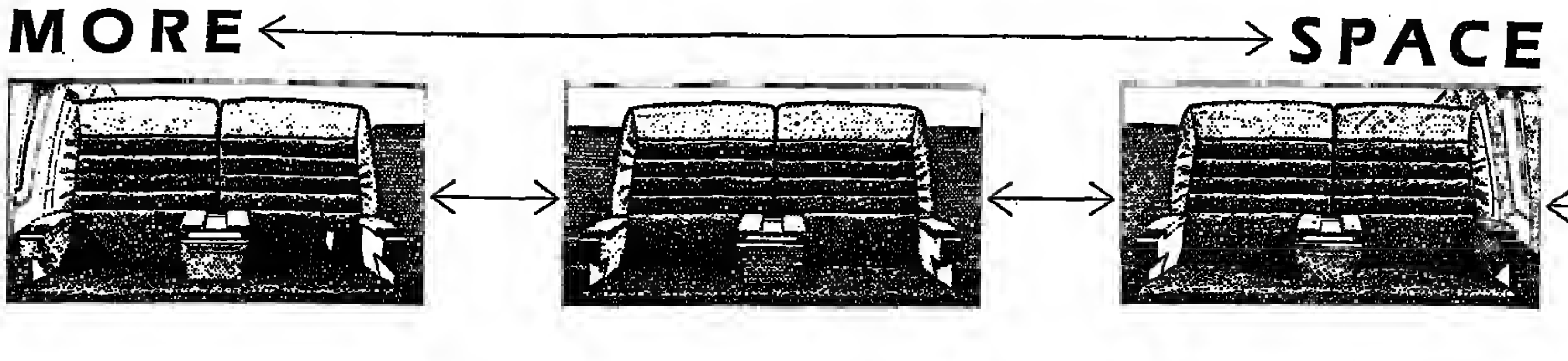
INDUSTRIAL PRODUCTION

(1980 = 100)

	Mar. '85	Feb. '85	Jan. '85	Mar. '84	year
U.S.*	165.4	164.9	165.2	160.8	+2.9
	Feb. '85	Jan. '85	Dec. '84	Feb. '84	
UK	105.0	105.2	103.6	104.1	+0.9
	Jan. '85	Dec. '84	Nov. '84	Jan. '84	
W. Germany	102.7	100.2	102.3	100.1	+2.6
Japan	120.0	120.2	121.0	110.5	+8.6
France	98.6	101.0	101.8	99.8	−1.2
	Dec. '84	Nov. '84	Oct. '84	Dec. '83	
Netherlands	100.4	101.6	101.7	98.4	+2.0
Belgium	107.5	102.6	102.7	100.1	+7.4

* 1967 = 100.

Source (except U.S., UK, Japan): Eurostat



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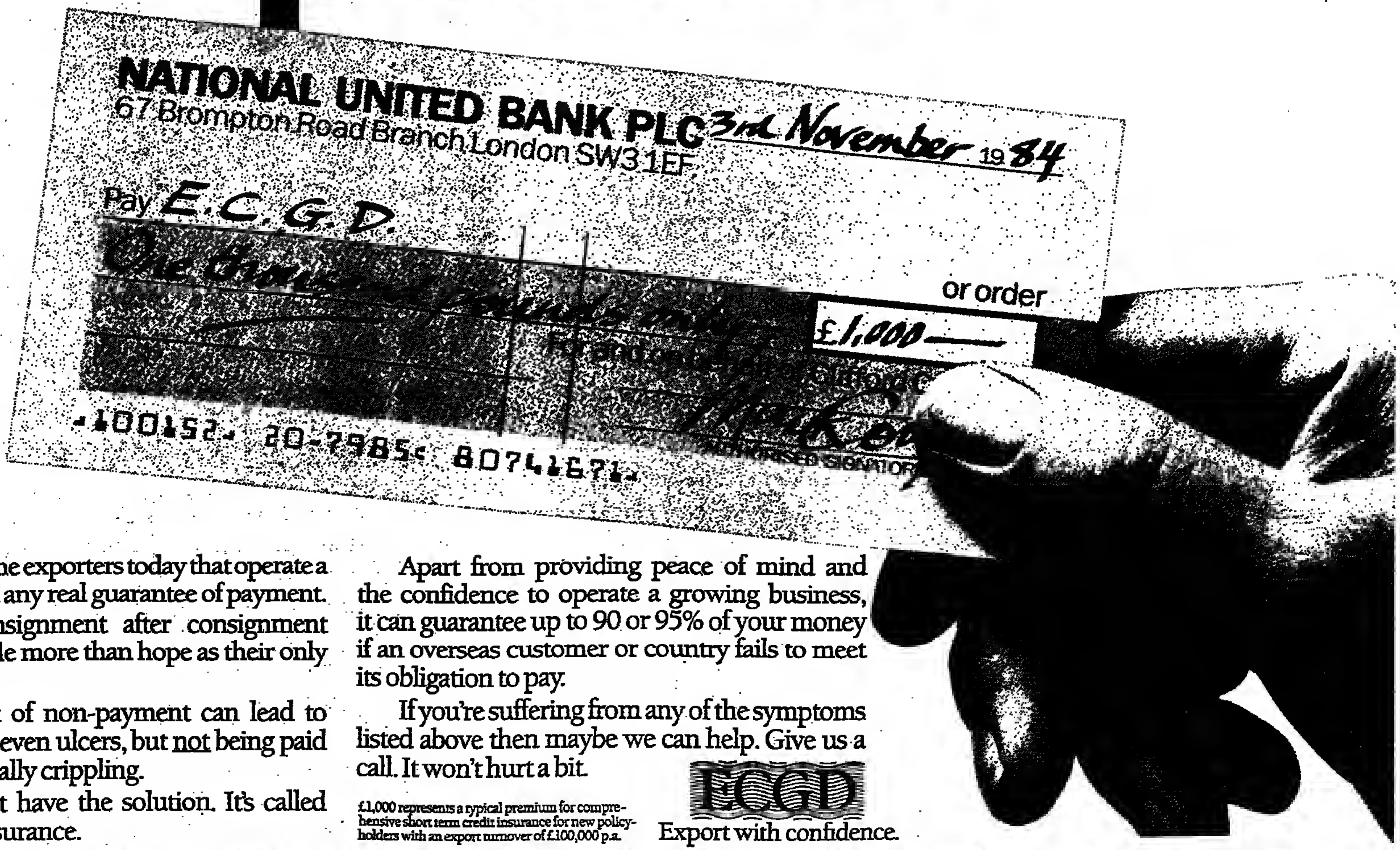

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Campaign launched for cutting unemployment

BY OUR POLITICAL EDITOR

A CHARTER for Jobs, seeking mass public support for direct Government actioo to reduce unemployment, will be formally launched later today with the backing of 100 leading politicians, businessmen, trade unionists, churchmen and journalists.

It is part of a two-pronged operation also involving an Employment Institute to promote study and debate about the best methods of reducing unemployment via conferences, publications and a regular journal and modelled on the free-market Institute of Economic Affairs.

The novel feature will be the associated campaign. Professor Richard Layard of the London School of Economics and chairman of its executive committee, said it was intended to secure the maximum number of supporters for the charter. Local groups would be formed to promote employment initiatives linked to the Community Programme in conjunction with local councils and the Manpower Services Commission.

Among the patrons are the three most recent former Prime Ministers (Mr James Callaghan, Lord Wilson and Mr Edward Heath), but the involvement of active Tory politicians is limited to Sir Ian Gilmour, Mr Francis Pym and Mr James Prior.


Mr Edward Heath

Formal announcement of the campaign was brought forward after the premature leaking of it last Thursday. Organisers suspect that this might have involved a Downing Street effort to discredit the initiative.

Government response has been alternately dismissive and conciliatory. Mr Ray Whitney, Junior Social Security Minister, referred to "erstwhile establishment figures frozen in the time warp of the 1960s."

The charter says: "We believe that the present level of unemployment is economically wasteful and socially corrosive. The Government can and must stimulate the creation of more jobs.

"There is useful work crying out to be done. With extra spending we could renovate our cities and improve the health of our people, while lower taxes on jobs could raise private spending power and make us more competitive. To make this possible there has to be some increase in government borrowing.

"Government borrowing should normally rise in a depression. When there is useful work to be done it is as sensible for the Government to borrow money as for firms or families to do so. The Government has a special responsiblity for the million and a quarter people who have been unemployed for over a year. These people should be guaranteed the offer of a job on socially useful projects such as the Community Programme."

Referring to worries about re-igniting inflation, the pamphlet states: "We would all consider some comprehensive approach including incomes and prices policy to be better than doing nothing to reduce unemployment."

Sceptical politicians of all parties yesterday wondered whether the campaign would ever be able to go further in producing more detailed proposals, given the widely differing backgrounds and views of the main supporters.

Ministers back view of brightening prospects over jobs

BY MARGARET VAN HATTEM

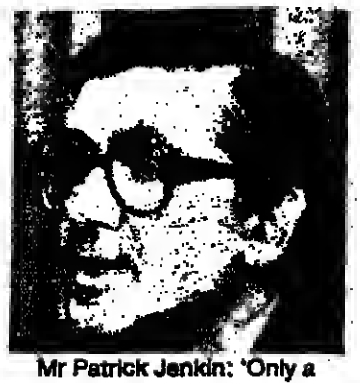
TWO CABINET ministers yesterday supported the view that unemployment will start to fall before the next general election – a prediction first made by Mr John Biffen, Leader of the House of Commons, in parliament last week. The latest date for the next election will be the spring of 1988.

Speaking in a BBC radio interview, Mr Patrick Jenkin, Environment Secretary, said it was "only a matter of time," before new jobs were increasing at a faster rate than the number of people entering the labour market.

"I would be very disappointed if that trend were not clear before we next go to the country," he said. Britain, which had already seen the number of unemployed rise by 613,000 in the last 16 months, was one of the few countries in Europe where the number of jobs was increasing.

Speaking on the same programme, Mr Tom King, Employment Secretary, adopted a more cautious tone. He was, however, confident that the "adverse factors" contributing to rising unemployment would decline later this year, leading to a steady rise in jobs and a later, gradual easing in the unemployment figures.

The sudden show of budding optimism within the Cabinet on the subject of unemployment is seen by


Mr Patrick Jenkin: 'Only a matter of time'

government critics at Westminster as a sign of the Government's discomfort over the all-party alliance which is challenging the Government on employment.

Speaking at a conference in Durham, north-east England, yesterday, Dr David Owen, Leader of the Social Democratic Party, said Britain was threatened by an all pervading sense of complacency over its economic decline and high unemployment.

He advocated a national voluntary community service scheme to encourage young people to participate in society. It should, he cautioned, be open only to those aged 18 or over who had already had the opportunity to take part in training schemes.

Call for tighter City regulation

BY PETER RIDDELL, POLITICAL EDITOR

THE Government will face calls in the House of Commons on Wednesday to toughen its proposals for the regulation of the City of London's financial services community.

The Commons is due to hold a full-day debate on the financial services White Paper (policy document) published at the end of January. This is part of the consultative process leading to the introduction of legislation in the next parliamentary session,

The White Paper proposes two regulatory bodies, the Securities and Investment Board and a Marketing of Investments Board, and says that advisers and companies involved in investment would require formal authorisation.

The government speakers, Mr Norman Tebbit, the Trade and Industry Secretary, and Mr Alex Fletcher, the Under-Secretary for Corporate and Consumer Affairs, are not expected to announce any new moves in the debate.

For the opposition Labour Party, Mr John Smith and Mr Bryan Gould from its trade and industry team will argue in favour of an independent commission with statutory powers of supervision and enforcement. Their view is that the upheaval in the London Stock Exchange in the past 16 months has made the type of self-regulation envisaged in the White Paper quite inappropriate.

Most Tory MPs broadly support the balance of the White Paper, but some of those closely interested in City issues, including Mr Anthony Nelson, MP for Chichester, have argued that there should be one regulatory body rather than two. That is in line with the opinion of, for example, the City Capital Markets Committee.

Mr Anthony Beaumont-Dark, Conservative MP for Birmingham Selly Oak, has objected to the Bank of England's role in appointing members of the Securities and Investment Board. He maintains that parliament should have the final right of nomination, which should not be surrendered to an outside body.

Teachers plan strike action

By David Brindle, Labour Staff

ABOUT 4,000 members of the National Union of Teachers (NUT) will tomorrow start three-day strike action, the union's first disruption of the summer term.

Under the revised strategy of the NUT pay campaign, which is seeking an improvement in the Government's 4 per cent pay offer, the schools hit by industrial action tomorrow could suffer again in each successive week.

The strike list announced today features 200 schools in 20 different educational authorities in England and Wales.

The start of the strikes will coincide with a meeting tomorrow of all the teachers' unions to discuss the employers' latest initiative in solving the pay dispute.

Sanyo's strike-free pact under strain

BY PHILLIP BASSETT, LABOUR CORRESPONDENT

SANYO'S strike-free agreement with the Electrical, Electronic, Telecommunication and Plumbing Union (EETPU) is running into difficulties as relations between the company and leaders of the union worsen.

The difficulties arising over key points of the procedure deal show that the operation of such agreements in practice may be more complex than their theory. Opponents of such deals are likely to use the Sanyo case to press their point that such agreements are not a complete answer to all industrial relations questions.

Problems arising from the deal, which was reached between the union and the company in 1982 for its television plant at Lowestoft in Suffolk, have arisen out of the difficult pay negotiations this year – the first real test of the principle at the heart of the EETPU's so-called 'no strike' deals.

They have principally concerned the system of pendulum arbitration – an arbitrator choosing either the employer's or the union's case as the basis for a settlement – and in particular, at what stage negotiations stop and what form third-party involvement takes.

After lengthy negotiations between the two sides under the guidance of the Advisory, Conciliation and Arbitration Service (Acas), two separate proposals are to be put to a special meeting of the plant's workforce.

The meeting on May 8 will be asked to choose between a suggestion from the management that, in effect, the no-strike agreement should remain unchanged, and an Acas proposal putting forward that mediation – non-binding arbitration – should be written into it before disputes go to the final, 'pendulum' stage.

That would amount to including in the procedure what actually happened over last year's pay negotiations. The company offered an increase of 6 per cent and the union claimed a three-year deal to bring up the general pay level in the company.

Acas officials advised the EETPU that the claim was incompatible with the pendulum system, and eventually the increase went to mediation, which finally produced an award of 7 per cent.

Sanyo feels that the introduction of mediation into the agreement is likely to undermine its value, especially in making both sides declare honestly their final positions on offer and claim at the end of the negotiations process.

EETPU leaders say, however, that the purpose of the pendulum system is to keep both sides talking, and that the introduction of mediation – a feature of other strike-free deals the electricians have reached, such as Hitachi in South Wales – will help towards that end.

A further key point of contention in the operation of the agreement is whether any mediator finally accepted should also act as the pendulum arbitrator if necessary.

Behind these important procedural differences lies increasingly strained relations between the company and EETPU leaders.

GEC receives apology over research effort

BY ROBIN REEVES

MR NICHOLAS Edwards, the Welsh Secretary of State, apologised to the GEC, the engineering group at the weekend for suggesting that the company was more concerned with proving itself as a successful financial institution than risking its resources in research and development or aggressive marketing of new products.

Mr Edwards's original attack on the company formed part of an address to Cardiff Business Club last month in which he accused the City of London and some UK companies of largely ignoring the financial investment needs of Britain's traditional manufacturing areas.

Mr Edwards said that he had not wished to belittle the amount that GEC spent on research and development, nor suggest that it was wrong for a company to benefit from government contracts.

"On the contrary, British companies get government contracts on the basis of competition and they use them as a basis for much wider commercial success, which in GEC's case is represented by overseas sales of £2.6bn in 1983-84."

In the same year, Mr Edwards said, GEC had invested £550m in research and development and the engineering of new products, and a further £225m in plant and buildings.

"Even if I am appealing for more, these are substantial figures and I applaud and welcome this major investment in the future," Mr Edwards said.

The Secretary of State stressed that he certainly did not think, and never suggested, that GEC discriminates against Wales.

"On the contrary, we in Wales benefit greatly from GEC's investment in its Hotpoint washing machine plant in North Wales. I am glad to put these facts on record, because the last thing I would want to do is to decry the achievements of a very important company on whose efforts our prosperity depends so much," he said.

Mr Edwards' remarks evidently follow strong behind-the-scenes representations by GEC after his original speech, in which he singled out the company for special mention.

Survey finds shortage of young accountants

FINANCIAL TIMES REPORTER

BRITAIN is suffering a serious shortage of young and partly-qualified accountants according to a survey on the profession. The shortage has boosted salaries for newly qualified accountants between the ages of 23 und 26 by almost 15 per cent in the London area, according to the spring survey on salaries in accountancy published by Accountancy Personnel.

The survey also finds there is still a large number of vacancies in the public sector throughout the UK, with many positions advertised at higher salaries than the equivalent jobs in the private sector.

The dearth of young qualified accountants is to be found in almost every major centre of employment in Britain. It is all the more remarkable because only two or three years ago jobs prospects for many accountants were more restricted than at any time since the second world war, the survey says.

Accountancy Personnel offers two main explanations for the shortage: the failure of employers to train a sufficient number of accountants during the recession; and the strong desire to recruit university graduate trainees, making it more difficult for those without a degree to enter the profession.

"Employers will have to consider quickly over the next few years whether they are going to be forced to continue to widen the criteria by which they recruit, or train for an increased supply of the category of accountants they so overwhelmingly prefer to employ," the survey says.

It quotes examples of leap frogging offers from employers, with some medium-sized and small practices outbidding bigger ones.

Accountancy Personnel says working for the public sector still offers high rewards.

Farm support reforms urged

BY ANDREW GOWERS

A SWEEPING reform of the present system of agricultural support, designed to tilt the balance of subsidies towards smaller farmers and reduce farm surpluses, is called for in a report published yesterday.

The study, which will be submitted to the House of Commons's agriculture committee by one of its authors, Conservative MP Mr Phillip Oppenheim, gives backing to the principle of farm support, but says that the European Community's Common Agricultural Policy (CAP) has outgrown its usefulness in the present era of surpluses.

It also rejects conventional and fashionable solutions to the CAP's current problems such as price cuts, production quotas, direct income support for farmers and increased industrial uses of farm produce.

In place of the current system, which for most products offers open-ended price guarantees, it suggests the adoption of what it calls "the standard farm quantity scheme."

This would set yield and acreage limits to the quantity of produce for which farmers could expect to receive official price support.

Farmers would receive payments to bridge the gap between market prices and an agreed support price only up to fixed limits. Any production above that limit would have to be sold at market prices.

The report says that the proposed scheme is suitable mainly for arable farmers, although it could be applied to dairy farming. Its advantages are that it would contain costs of the CAP, deter over-production, and help small farmers, who have been particularly hard hit by recent cuts in EEC agricultural support.

UK NEWS

TAKEOVER GIVES COMPANY CASH INJECTION FOR PRODUCT LAUNCH

New computers from Systime

BY JASON CRISP

SYSTIME, the British minicomputer group taken over last week by Control Data of the U.S., launches two powerful small computer systems this week which it hopes might double its turnover.

The launch of the computers – which cost nearly £3m to develop – had been held up by a growing financial crisis. Over recent months Systime, with sales of £56m last year, had run into serious cash flow problems largely because of very high debts of about £40m.

As a result, Systime had to negotiate extended credit from its suppliers and could not build the new computers until its financial position improved. Control Data's takeover means that Systime will have an immediate cash injection, enabling it to go into production with the new computers. There will also be a substantial financial reconstruction.

Control Data, one of the largest U.S. computer groups, last week increased its stake in Systime from 43 per cent to 92.4 per cent, paying 60p a share which is also to be offered to the outstanding small shareholders. The total cost will be £750,000.

For five months Systime had been trying to persuade the existing shareholders to subscribe to a £20m rights issue. The second largest shareholder, Ivory and Sime, the Edinburgh investment group which owned 27 per cent, failed to agree to the terms and this led to the takeover.

Systime was founded in 1972 and became one of the fastest growing computer groups in Britain – for a while it was second only to ICL. Then Systime appeared to be one of the better investments made by the government-owned National Enterprise Board (NEB), now part of the British Technology Group, and was cited as an example of successful state intervention in high technology.

The NEB had been one of the earliest investors in Systime, buying a 27 per cent stake for £500,000 in 1977 after the company failed to raise finance from the City of London. Although that investment was worth more than £5m at one time, the BTG finally sold its much diluted stake of about 5 per cent to Control Data for £100,000, having made a total investment of £2.82m. A BTG official noted that without the initial NEB investment, Systime, which employs more than 1,000 people, would not exist.

Ivory and Sime fared worse, having paid £6.51m for a 36 per stake in 1981 and a further £5m at the time of a rights issue. Other investors included Kleinwort Benson, County Bank and the NCB Pension Funds.

The company's main business is selling computer systems based on minicomputers made by Digital Equipment, the U.S. company which is the world's second largest computer manufacturer.

Control Data took a 38 per cent stake in Systime just over two years ago as part of financial reconstruction which raised nearly £14m. At the end of 1983 Control Data appointed Mr Rod Attwooll, former managing director of Texas Instruments's British subsidiary, as managing director of Systime.

In the last two years the company has made losses of around £10m, partly because of substantial interest payments (its debt to equity ratio is about 4:1). Results for the year to September 1984 are expected to show that the company made a small operating profit, reduced to a loss of about £2m after interest payments.

Labour opens campaign to protect BL identity

BY OUR POLITICAL EDITOR

THE LABOUR Party will this morning launch its campaign to maintain BL, the state-owned vehicle group, and particularly its Austin Rover volume cars subsidiary, as a leading British-controlled car maker.

The action arises out of concern that the Government's present tough negotiating stance with BL in seeking to cut back Austin Rover's immediate investment plan will lead to its eventual disappearance as an independent car producer as it increasingly becomes a sub-contractor to Honda, the Japanese group.

Negotiations between BL and the Government are at a delicate stage with the preparation of a modified version of its corporate plan. This reflects the Department of Trade and Industry's scepticism about its capital spending projections in the light of Austin Rover's disappointing market share. These talks are delaying the announcement of more extensive collaboration with Honda.

Mr John Smith, Labour's trade spokesman, wrote to the Government just before Easter seeking reassurance that the independence of Austin Rover as a major manufacturer producing a full range of vehicles would not be compromised.

With the backing of the trade unions involved, he now intends to raise the tempo of the campaign in urging full support for the BL corporate plan.

At the same time, a report on the future of the British motor industry calling for heavy investment in BL has been prepared by a group of Labour MPs and will shortly be considered by the party's national executive committee.

The report, which is almost certain to be adopted by the national executive, calls for the maintenance of a home-based manufacturing industry with BL producing a full range of vehicles. It also says that public resources should be made available and a limit imposed on imports from Japan.

Collapse in oil price 'possible' says expert

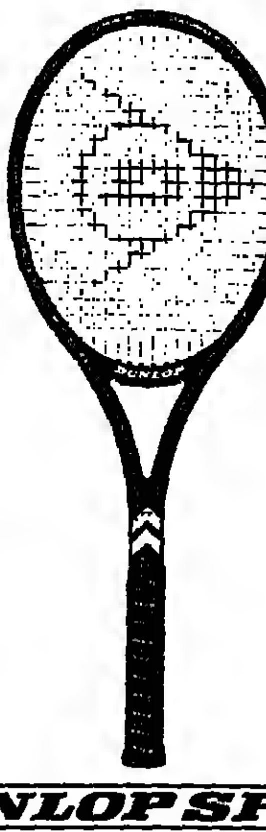
By Dominic Lawson

THERE is a one-in-four possibility of the oil price collapsing in the near term, an oil industry expert says in Lloyds Bank Review, published today.

Professor Peter Odell, director of the Rotterdam Centre for International Energy Studies at Erasmus University, Rotterdam, argues that the probability is likely to increase yearly as the fundamental imbalance between demand and potential supply – with continued institutionalised efforts to maintain present high prices – becomes more acute.

Prof Odell points out that the price of oil in the market is well above its long-run supply price, but oil companies and governments have sought to maintain the fiction that oil is a high-value commodity.

Oil companies should persuade the world that oil is a secure, plentiful and preferable source of energy; stop pretending that the infrastructure of the oil industry is getting more costly; and show a more positive response to the possibilities of oil exploration, Prof Odell argues.



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The Bank of England announces that Her Majesty's Treasury has created on 19th April 1985, and has issued to the Bank, additional amounts as indicated of each of the following Stocks:

£250 million 12¼ per cent EXCHEQUER STOCK, 1990

£250 million 10¼ per cent EXCHEQUER STOCK, 1995

£150 million 11½ per cent TREASURY STOCK, 2001-2004

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 19th April 1985 as certified by the Government Broker.

In addition, Her Majesty's Treasury has created on 19th April 1985, and has issued to the National Debt Commissioners for public funds under their management, an additional amount of £100 million of 11 per cent Exchequer Stock, 1989.

In each case, the amount issued on 19th April 1985 represents a further tranche of the relevant Stock, ranking in all respects *pari passu* with that Stock and subject to the terms and conditions of its prospectus, save as to the particulars therein which related solely to the initial sale of the Stock. Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List.

Copies of the prospectuses for 12¼ per cent Exchequer Stock, 1990, 10¼ per cent Exchequer Stock, 1995 and 11½ per cent Treasury Stock, 2001-2004, dated 11th March 1981, 9th January 1978 and 18th May 1979 respectively, may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA. The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

Stock	Redemption date	Interest payment dates
12¼ per cent Exchequer Stock, 1990	22nd March 1990	22nd March 22nd September
10¼ per cent Exchequer Stock, 1995	21st July 1995	21st January 21st July
11½ per cent Treasury Stock, 2001-2004	19th March 2004, or on or at any time after 19th March 2001 subject to not less than three months' notice	19th March 19th September

Each further tranche of stock issued on 19th April 1985 will rank for a full six months' interest on the next interest payment date applicable to the relevant Stock. Official dealings in the Stocks on The Stock Exchange are expected to commence on Monday, 22nd April 1985.

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UK NEWS

Building industry facing 'slowdown'

By Lynton McLain

THE CONSTRUCTION industry is set for "two years of inertia" this year and in 1986, but there are signs of better prospects for the industry in 1987, according to the National Council of Building Material Producers.

Construction output is set to fall by half a percentage point this year to 2.9 per cent, compared with growth of 3.4 cent last year. The industry faces the prospect of no change next year, but a 3.5 per cent growth rate in 1987.

Industrial building, the main growth sector last year with an increase of 24.7 per cent, is expected to maintain its momentum this year with growth of 10 per cent. The council forecast a "sharp slowdown," associated with the phasing out of capital allowances, in 1986.

In contrast, the growth prospects for commercial premises are set to improve with 5 per cent growth forecast for this year, 3 per cent for next year and 5 per cent for 1987.

The housing sector is expected to be depressed for two years, but in 1987 an increase in confidence is forecast for housing with more new house building in prospect.

The council forecast that fewer houses would be started, but they would be larger, aimed at existing owners rather than at the smaller or starter-home customer.

The council forecast a "difficult year" for home improvement and repair in the face of increasing interest rates, inflation expectations and a reduction in improvement grant resources.

● Britain should build a modern, efficient infrastructure in the next decade, while the country is self-sufficient in oil and gas, Mr Frank Gibb, president of the Federation of Civil Engineering Contractors, has said.

Energy revenues offered "a never to be repeated opportunity to build a sound foundation for our future prosperity."

"We need to make the Government adopt a fiscal policy which releases more funds for investment in the fabric of our nation." The last decade had seen a marked drop in large capital projects coupled with an unprecedented financial squeeze.

Retailers confident of buoyant sales in April

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S retailers are confident of a buoyant level of trade during April, according to the latest joint survey of the distributive trades carried out by the Financial Times and the Confederation of British Industry.

Mr John Salisse, chairman of the CBI's survey panel, said yesterday that the optimistic outlook "follows an encouraging March, with sales bouncing back after a disappointing February when business was down, no doubt because of the weather."

The latest survey, carried out between March 22 and April 12 and covering 594 companies, shows that clothing, shoes, groceries, household goods and furniture led the upturn in retail sales.

The increased activity has been mirrored by rising sales for the wholesalers who supply the retail trades. While most sectors of wholesaling are expecting a good level of April trade after a buoyant March, builders' merchants are reporting a fall in trade compared with a year ago. However, that may be because builders' merchants experienced exceptionally higher sales before the 1984 budget change in value-added tax regulations on building repairs and improvements came into effect.

Analysis of the survey shows that the 348 retailers included continue to report higher sales volume than a year ago.

The balance of retailers reporting increased sales rose to plus 61 per cent in March, compared with plus 49 per cent in February. (The balance is taken from those reporting sales up minus those who experienced a sales fall.)

Retailers in all sectors expect further growth in sales volume in April, with the overall balance at plus 66 per cent, the highest figure since April 1984. As in previous months, single-outlet retailers appear to be doing less well and are not as optimistic as large multiple retailers.

Wholesalers' sales volumes in March were not as good as had been expected but remain higher than a year ago. The survey indicates that the positive balance of 34 per cent for April from the 198 wholesalers in the survey suggests that they are more optimistic about sales this month.

The volume of orders placed by retailers on their suppliers in March matched expectations. A balance of plus 40 per cent of retailers reported increased orders and further growth is expected in April.

Wholesalers also placed a larger volume of orders on suppliers in March this year than they did in March 1984. A balance of plus 12 per cent reported increased orders in March, with a similar balance for expected orders placed in April. Builders' merchants were less confident than other wholesalers.

Cable-laying ship begins Channel trials

By Maurice Samuelson

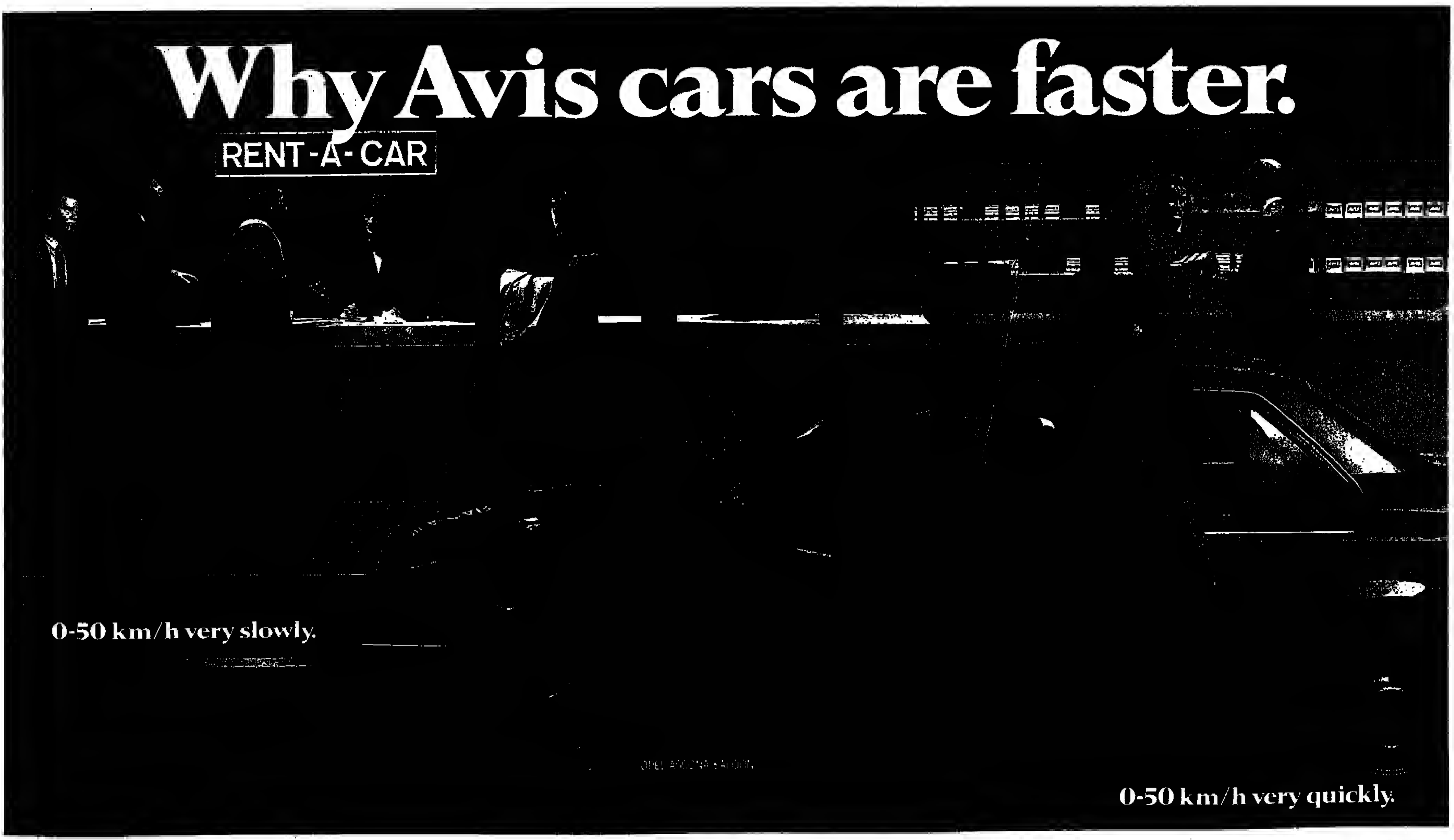
THE WORLD'S longest cables are due to be taken out into the Channel between England and France today in one of the most delicate stages of the £800m scheme to connect the UK and French electricity systems.

The 31-mile lengths of twin cable, each weighing 1,700 tonnes, have been loaded on a specially designed ship, the Venturer, alongside the factory of Pirelli General at Southampton docks, where they were made.

The ship is due to make several trial runs before laying the cables in a trench in the sea-bed between Folkestone and Sangatte, near Calais.

It is one of the four trenches through which the Central Electricity Generating Board (CEGB) and Electricité de France (EDF), will eventually exchange 2,000 MW

With French nuclear power stations generating more cheaply than the UK system, the balance of trade is expected to be strongly in France's favour.



The Queen's Awards
FOR EXPORTS AND TECHNOLOGY

1985

Crossbows and radar tracking find right targets on foreign markets

BY JAMES McDONALD

CROSSBOWS and radar tracking for missile systems, street sweeping vehicles and high performance cars, traditional and high technology products, perfumes and insecticides: all illustrate the wide range of exports which feature in this year's Queen's Awards for Export Achievement.

Small companies have always been prominent in the awards, but they dominate this year's list with 60 of the 90 awards going to companies, or parts of larger organisations, with less than 200 employees.

There would be cause for alarm if such giants as *Imperial Chemical Industries* and *General Electric Company* did not appear on the list, in one guise or another. This year, the plant protection division of ICI wins an award: it is a prominent producer of agrochemicals and public health products, and exports a high proportion of its production to more than 120 overseas markets.

The General Electric Company, with this year's awards, has amassed a total of 73 in the export and technology sectors since the scheme began in 1966. One export award goes to the Frimley Unit of *Morconi Command and Control Systems*, and there are three awards for technology achievement. The Frimley Unit, also a winner last year, makes electronic control equipment for artillery and fighting vehicles and tracking radar for missile systems. It has sold to about 20 overseas markets.

The Vickers Group is represented this year by **Brown Brothers and Co**, which designs and makes marine ancillary equipment—stabilisers, catapults and steering gear—and offshore drilling equipment. The company exports regularly to 12 countries, including Japan and the U.S. Within the Ferranti group, **Ferranti Electronics**, making integrated circuits and other electronic components, wins an award: the U.S., West Germany, Hong Kong and Japan are among its more important markets.

The aircraft division of **Short Brothers**, Belfast, producing the Short 330 and 360 commuter airliners, and the 330 and Skyvan transport aircraft, gains an award with a high proportion of total output going to a wide range of overseas markets. An award also goes to the Prestwick unit of the civil division of the aircraft group of **British Aerospace**, for exporting a substantial proportion of its output of various versions of the Jetstream 31 aircraft and the Bulldog military training aircraft.

Electronics and high technology companies are well represented in the awards. Among them is **Oxford Magnet Technology**, part of the Oxford Instrument group, producing super-conducting and resistive whole-body magnet systems for magnetic resonance imaging scanners and "in vivo" spectrometers for medical diagonsis. It is the only company which has also won a technology award.

Link Systems, part of the United Engineering Industries group, wins an award for exports of computer-based X-ray analysers and solid state energy disperser X-ray detectors, used mainly in conjunction with electron microscopes.

Awards in the high technology field also go to **Linton and Hirst**, which has succeeded in Japanese-dominated markets with exports of lead frames for mounting silicon chips and semi-conductor devices on to the latest micro-circuitry.

In the hi-fi, video and entertainment sectors, awards go to several small companies. Among them are: **Amek Systems and Controls**, which makes audio mixing consoles for the broadcasting and sound recording industries; **Edendeck** which designs and makes computer-based audio processing systems for professional use and hand-held computers. **Naim Audio** which exports hi-fi equipment to about 25 countries; **Soundcraft Electronics**, which ships abroad a high proportion of its audio mixing consoles and professional tape recorders; and **Tape Automation's** 37 employees which make fully automatic microprocessor controlled video-cassette loaders. "Coals to Newcastle" successes appear in nearly every awards table and all these companies list Japan as one of their export markets.

An award goes to **Thorn EMI Screen Entertainment**, which exports to 92 countries feature films for theatrical, cable and broadcast television distribution and video programmes on pre-recorded videocassettes. Videocassettes are the fastest growing medium and the company has exported successfully in spite of widespread pirating.

Building, civil engineering and railway contracting is represented by **Henry Boot International**, the international arm of Henry Boot and Sons. A recent contract was the trackwork on the three Hong Kong Mass Transit Railway projects, followed by the award of a similar contract for the Singapore Mass Transit Railway. An award also goes to **Redpath Dorman Long**—part of the Trafalgar House group—steelwork construction contractor. It offers packages of design, supply, construction and finance.

In this sector, a George Wimpey subsidiary, **Brightside Mechanical and Electrical Services Group**, gains an award. So also does **Coutinho Caro UK**. Traditionally an exporter of steel, machinery and other goods, more recently it has entered the business of turnkey contracts for a variety of products such as hotels, power stations and rural electrification.

This year, **Harrods**, part of the House of Fraser group, wins an export award, following an award in 1984 to **Marks and Spencer**. The Knightsbridge store caters especially for overseas visitors through its export bureau, where a minimum of 10 foreign languages are available.

The **Trusthouse Forte** group, which contains the largest hotel and catering group in the UK, is an award winner this year. Apart from hotel and restaurant services, export earnings come from flight catering, duty free ships and kitchen and catering equipment exports.

At the other end of the size scale, is another winner—**The Lygon Arms**—a 16th century coaching inn in Broadway, Worcestershire. Guests come from North America, Australia, Europe and the Far East.

Soft drinks makers seldom appear in the awards, but one goes this year to **Silver Spring Mineral Water Company**, of Folkestone. During the three-year evaluation period, exports rose from £300,000 to £1.5m, compared with a rise in total turnover over the same period from £2.5m to £9.8m. The Middle East is the major outlet for its cola, lemonade and orangeade.

Promoters of inward tourism win two awards this year. One goes to **Saga Holidays**, which provides holiday services for UK senior citizens. It started offering inward tours to the UK and Europe in the U.S. in 1980, and in the Netherlands last year, and is to expand into other European markets and Australia. In its third year of evaluation, it earned $22.5m (£17.42m) in the U.S. Another award goes to **Dorvand**, trading as Gulliver's Travel Agency, which acts as wholesale tour operators for the UK and Europe for overseas travel and tour operators.

Perhaps the most traditional British products to win an award this year are the crossbow and the longbow. **Barnett International** of Wolverhampton, with 200 employees turning out 50,000 crossbows and longbows a year, exports 90 per cent of its production. The U.S. and Canada are the biggest markets, but Japan is also a valuable outlet.

The House of Darts, with a total workforce of five partners, exports personalised darts to more than 30 countries. The presidents darts range is popular in the U.S., with sets featuring every president from George Washington, with one exception, President Richard Nixon.

In the Scotch whisky field, **Justerini and Brooks**—part of the Grand Metropolitan Group—wins an award for its exports of J & B Rare whisky. The company admits that exports are not world-wide: there are no sales to Outer Mongolia or Albania. Two gin distillers also win awards: **Charles Tanqueray**, part of the Distillers group, and **James Burrough**, with its Beefeater gin and vodka.

Jaguar Cars, which has just announced record sales and output in the first quarter of this year, wins an award for the second year running. Exports go to about 40 countries, with the U.S. accounting for half of the output from the Coventry plant.

AWARDS FOR EXPORT ACHIEVEMENTS

A & M Hearing Aids	Listening devices
Aerial Acces Equipment	Hydraulic access platforms
Amek Systems & Controls	Audio mixing consoles
Anglo Blackwells	Alloys and molybdic oxide
Armstrong Competition Motorcycles	Racing and competition motorcycles
Associated Retail Development International	General merchandise; technical consulting on retailing and on hotel refurbishment
Autotype International	Films and papers for graphic arts and printing
Barnett International	Crossbows, slingshots, archery equipment
Beacon Publications	English-Arabic industry guides and directories
Heavy Media Separation Division of Olds Commercial Metals	Scrapmetal processors
Henry Boot International	Engineers
BridgeBridge of Weir Leather	Upholstery
Brightside Mechanical & Electrical Services Group	Air-conditioning, fire-protection engineers
Prestwick Unit of the Civil Division of the Aircraft Group of British Aerospace	Aircraft
Brown Brothers & Co	Marine equipment
James Burrough	Gin and vodka
Carrington Hull Associates	Cashmere apparel
Coopervision Optics	Contact lenses
Coutinho Caro UK	Turnkey construction contracts
DB Factors	Engineers and hand-tools, steel
Data Recording Heads	Recording heads, computer components
Dorvand t/a Gulliver's Travel Agency	Wholesale tour operators
Dunkirk Metals	Aluminium deoxidants
Edendeck	Audio processing
Ferranti Electronics	Integrated circuits
First Inertia Switch	Security, safety devices
Flogates	Cassetted refractories, nozzles, sliding-gate valves
Floorlife-Andek	Chemical products for building
Foster Wheeler Petroleum Development	Services to offshore oil and gas production and transmission
Franklin Hodge Industries	Bulk liquid storage tanks
Garrett Airesearch	Turbochargers
HR & H Marketing Research International	Market research
Harrods	Export bureau for overseas visitors
Hazleton Securities	World motorsport publisher
Houbigant	Perfumes, toiletries
The House of Darts	Darts and accessories
Hydrarolf	Pneumatic cargo-handling equipment and powered systems for vehicles
Plant Protection Division of Imperial Chemical Industries	Agrochemicals, public health products
Jaguar Cars	Cars
Justerini and Brooks	Whisky
The Walter Kidde Company	Fire protection, safety systems
Kigass Engineering	Electro-mechanical components
Kirkpatrick Linron (Ballyclare)	Flax fibre
Linear	Weather stripping and trimmings
Link Systems	X-ray analysers
Linton and Hirst	Laminations
Longdin & Browning (Surveys)	Surveying
The Lygon Arms	Worcestershire inn
Frimley Unit of Marconi Command and Control Systems	Military electronic equipment
James Martin Associates	Computer consultancy
Mayer Newman & Co	Scrap metals
Mitchell Cotts Chemicals	Insecticides
Morgan-Bryant Marketing	Materials, electronics, medical supplies
Mostyn Chemicals	Insecticides
Naim Audio	Hi-fi equipment
Netlon	Polymer grid structures
Oilfield Inspection Services	Pipelines [illegible]
Oxford Magnet Technology	Scanner magnet systems
Pipeline Induction Heat	Pipeline protection
Redpath Dorman Long	Steelwork construction
Regent Belt Company	Leather fashion accessories
John Reid and Sons (Strucsteel)	Steelwork structures
Renishaw Metrology	Measuring-machine probes
Saga Holidays	Over-60s tours operator
Seasro	Sailboards
Schmidt Manufacturing and Equipment (UK)	Street-sweeping vehicles
Sheppard Robson	Architects
Aircraft Division of Short Brothers	Aircraft
Silver Spring Mineral Water Co	Soft drinks
Singer Link-Miles	Military simulators
Soundcraft Electronics	Audio mixing consoles
Spectramass	Spectrometers
Spheric Engineering	High-precision balls
Metal Division of Spink and Son	Decorations
TM Services	Services to oil and gas industry
Tame Valley Alloys	Aluminium alloys
Charles Tanqueray and Co	Gin
Tape Automation	Video-cassette loaders
Thermoflex	Heating
Thorn EMI Screen Entertainment	Film marketing
John R. Timme and Son	Animal fibres
Tiphook Container Rental Company	Container rental
Titan Converting Equipment	Machinery
Trusthouse Forte	Hotels and catering
Tustong and Burnett (1938)	Calf-skin processors
Tweedvale Woollens	Woollen scarves, rugs
United Pig Breeders	Breeding-pigs
Vista Optics	Contact lens materials
Windsong Record Exports	Information on recordings
Yardley and Co	Perfumes, cosmetics, toiletries

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1985

Her Majesty the Queen has made 90 awards to British companies for export achievement this year and 29 for technological achievement.

Biotechnology and drugs bring pharmaceutical industry rewards

BY DAVID FISHLOCK, SCIENCE EDITOR

AN INDUSTRY which often feels itself assailed on every front—by politicians, public regulators and private initiatives opposing animal experiments—has been rewarded handsomely for its innovation this year.

Pharmaceutical achievements account for five of the 29 Queen's Awards for technological achievement—the highest *total since they began in 1966.* But GEC picks up three separate awards for engineering developments.

The smallest by far of the drug innovators is Celltecr, a *biotechnology company set up in* 1980, partly on the initiative of the Medical Research Council. The award is for the way it has taken the council's discovery of the *hybridome technique for* making monoclonal antibodies, and scaled it up quickly to bulk, production-kilogrammes a year the technique—for which Cesar Celltech swiftly transferred the technine—for which Cesar Milstein, the MRS scientist, shared the Nobel prize for medicine last year—to its Slough premises. Mr Gerard Fairt*lough, its chief executive, claims* the company leads the world in bulk production of monoclonal antibodies by cell culture.

They are used in its own novel diagnostic systems for diseases—are its subsidiary Boots-Celltech already has seven on the market—but are also bought in bulk by ether companies, especially in the U.S. Celltech aims to be "a darned big company in 10 years' time," Mr Fairtlough says.

The Wellcome Foundation is rewarded for its discovery of the anti-viral Zovirax, believed to be the first safe and effective treatment for herpes viruses, which cause cold sores and shingles. Sir John Vane, *director of Wellcome's research* and development effort, estimates that between 1973 and 1984 when most of the R and D was done, Zovirax (acyclovir) cost "more than 330 scientist-years of effort with an expenditure running into millions of pounds sterling." Altogether, the search for an efficacious but safe anti-viral has ecupied his scientists for nearly 20 years.

Glaxo is another international name, whose award is for Zantac, the first successful competitor to Tagamet as a chemotherapy for stomach ulcers. Less than four years ago after its launch Glaxo can claim benefits for more than 20m and a dramatic impact on profits from a drug which is no "me too" product but a genuinely different and often advantageous scientific approach to a common

For **Boots**, the award recognises the discovery of Brufen (ibuprofen), introduced in 1969 as a novel, non-steroid anti-inflammatory to treat rheumatic diseases. Both Britain and the U.S. permit its sale over-the-counter as an all-purpose analgesic. **Reckitt and Colman** is rewarded for a difference kind of painkiller, Buprenorphine, especially valuable in minimising post-operative pain.

Still close to healthcare are two further awards associated with the British invention of nuclear magnetic resonance (NMR) scanning for diagnosing disease. **Picker International,** the GEC subsidiary which has developed technology originally invented in academa, is rewarded for its imaging systems, which can pinpoint the origins of illness deep within organs and tissues without exposing the patient to radiation.

Oxford Magnet Technology, a subsidiary of the Oxford Instrument Group, supplies the powerful superconducting magnets on whose strength and uniformity of field the NMR technology crucially depends. Oxford also had a seminal role in another NMR technique which examines living tissues as though they are a specimen *for biochemical assay, and can* pinpoint anomalies accounting for rare complaints. The company has also earned the award this year for exports of this magnet technology to the U.S., Western Europe and Japan.

It has made more than 350 NMR magnets, mostly in Britain where it can now produce 10 to 12 a month, but also in the U.S. and most recently in Japan.

Cossor Electronics gets the award for an air traffic control radar which makes better use of air spaec. The company says it allows aircraft to save fuel. Its monopulse secondary surveillance radar has been designed to beat the problems raised for air traffic controllers by high traffic densities, making it easier for them to work.

The secondary radar gives information on height and identity which was not previously available, so that controllers had to maintain wider separation of traffic. The company has sold 92 of these systems to customers which include the Civil Aviation Authority and the armed services for use in West Germany and the UK.

An **ICL** (now STC) division wins what Mr Peter Bonfield, ICL's managing director, calls "the supreme accolade" for an ultra-fast computer search system. The content addressable file store information search process (CAFS-ISP) puts ICL "way ahead of the American and Japanese computer suppliers on file searching techniques," he claims. The company has taken 450 orders in the past year.

One dramatic piece of mechanical engineering to win the award is the Thames flood barrier, the great gates which rise from the bed of the river to lock out the North Sea when it threatens Londoners. **Rendel Palmer and Tritton,** consulting engineers, did 20 years of research, design and supervision of an innovation which ranks wtih those of the Victorian engineers. This is the first technology award for consulting engineers.

No less spectacular an engineering achievement, however, is the exploitation of the Magnus oil and gas field in the North Sea, Britain's deepest and most northerly offshore deevlopment. It wins an award for **British Petroleum.**

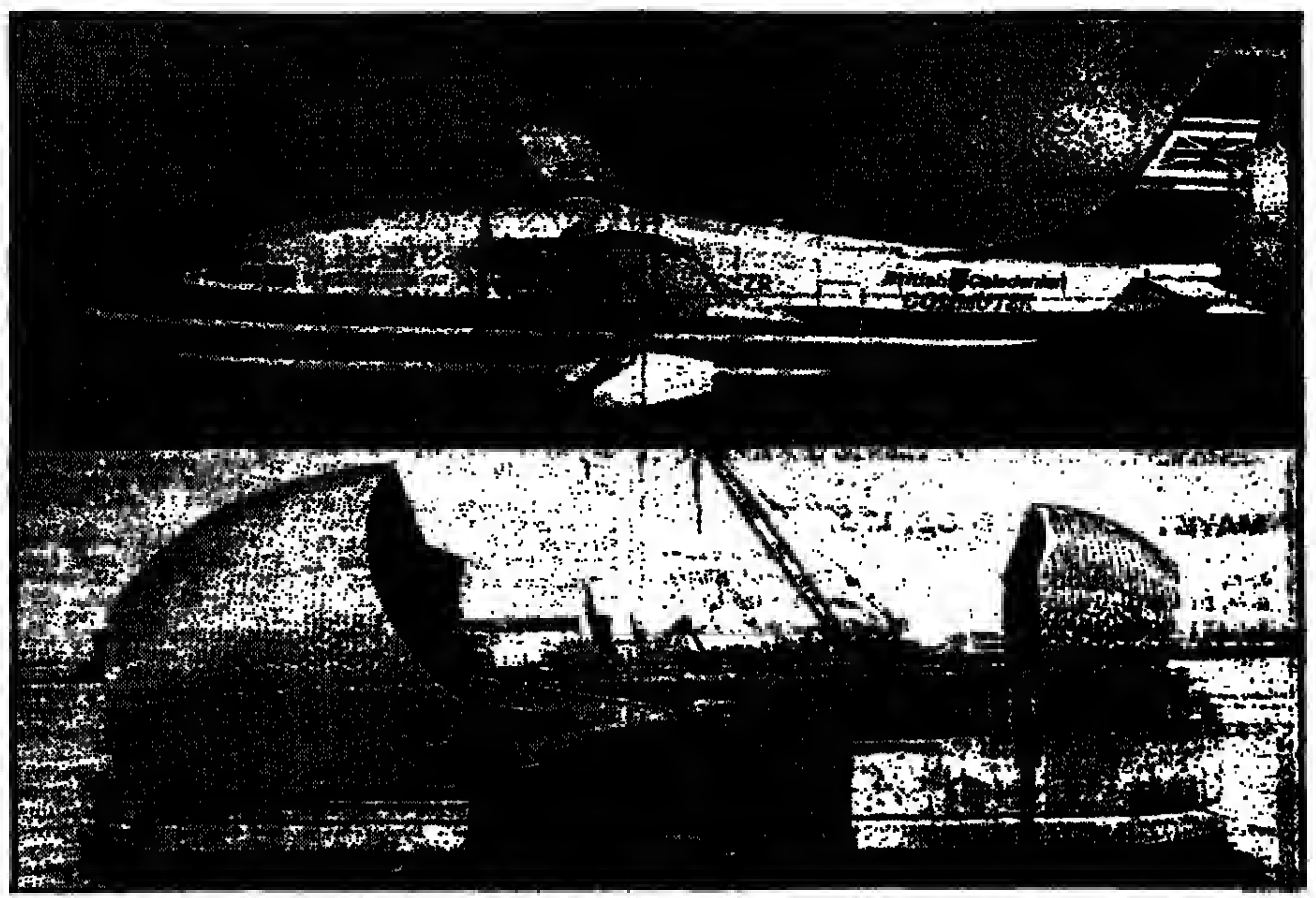
In contrast, **Interface Developments,** a Kent company of diamond toolmakers, employing only nine people, is rewarded for its inexpensive diamonds-impregnated abrasive cloth. **Rotabolt,** of Dudley, with a workforce of only 15, wins it for its bright idea of a bolt which can tell the engineer when it is suffering from fatigue.

Opto-electronics features in two awards, one being GEC Avionics's latest infra-red version of its head-up display to aid pilots. With this new man-machine interface — in production for the U.S. F-16 fighter-pilots can fly and aim weapons in total darkness and when close to the ground. **British Telecom's** research laboratories at Martlesham are honoured for their development of single-mode optical fibres as a more efficient conductor of signals for the updating of Britain's telecommunications. Mr David Merlo, BT research director, says the process is in production in Sweden as well as the UK and has already meant savings of £22m to BT's customers.

Another research centre, the **Mining Research and Development Establishment** of the Coal Board at Bretby, receives one of two awards associated with safety. This is for its MRDE Dust Colector, a filtration system for removing the siliceous dust from mine atmospheres which caused pneumoconiosis in so many of the older miners.

The other safety award goes to **City Technology,** a minuscule company set up by the City University to exploit its invention of new sensors. This is its second award for innovation in three years — this time for ways of sniffing out highly toxic gases.

City Technology, set up in 1977, now employs 50, says Mr A. D. S. Tantram, managing director. It scored its first big commercial success with a carbon monoxide "nose" which can give early warning of fire hazard in coal mines by sniffing the gas seepage which precedes spontaneous combustion.



The Short 360 commuter airliner (above) which has been sold to a wide range of overseas markets, has won Short Brothers an export award; Rendel Palmer and Tritton are the first consulting engineers te win a technology award — for their work on the Thames flood barrier

AWARDS FOR TECHNOLOGICAL ACHIEVEM ENTS

BP Petroleum Development	Oilfield exploitation
Research Department of The Boots Company	Drug research
Civil Division of the Aircraft Group of British Aerospace	Aircraft
Optical Materials and Low Loss Fibre Section of British Telecom Research Laboratories	Optical fibres
Celltech	Health diagnosis
City Technology	Toxic gas sensors
Cossor Electronics	Radar systems
Crosfield Electronics	Electronic publishing / communication systems
Datron Instruments	Scientific instruments
Domino Printing Sciences	Printing
Dunlop Slazenger International	Carbon fibre tennis racquets
Filtronic Components	Filters and multiplexers
Airborne Display Division of GEC Avionics	Aircraft instruments
GEC Transmission and Distribution Projects	Electric traction transmissions
Glaxo Group Research	Drug research
Hurley Moate Engineering Company	Splicer systems
Mainframe Systems Division of ICL	Computers
Interface Developments	Diamond tools
Lucas Cookson Syalon	Engineering ceramics
National Coal Board, Mining Research and Development Establishment	Dust filtration
Oxford Magnet Technology	Magnet systems for scientific instruments
Picker International	Magnetic resonance imaging systems
Quantel	Electronic graphics
Rank Film Laboratories	Film printing
Pharmaceutical Division of Reckitt & Colman Products	Drug research
Rendel Palmer and Tritton	Consulting engineers
Rotabolt	Bolts
Sira	Scientific instruments
Wellcome Research Laboratories of the Wellcome Foundation	Drug development

THE WEEK IN THE COURTS

When prosecution abuses principles of extradition

WHEN Adolf Eichmann, a Gestapo chief who was one of the architects of Nazi concentration camps and an executioner of the Final Solution, was kidnapped in 1960 from Argentina by Israeli agents, Israel was roundly condemned by the Security Council of the United Nations.

International obloquy, however, did not deter Israel from trying Eichmann for war crimes, convicting him and sentencing him to death.

That was because Israel's Supreme Court purported to follow and to apply the rule of English law that no matter how a fugitive criminal comes before the court, his mere physical presence suffices to validate criminal proceedings.

It is hard to imagine the police of Britain blithely ignoring extradition law and bringing a fugitive offender back to this country without warrant or authority to face a criminal trial.

This, however, happened not infrequently in Victorian times, although before 1870 when the Extradition Act, the basis of extradition in this country, was passed.

This was because the courts distinguished between a violation of international law, for which the remedy lay at a diplomatic level for violation of the sovereignty of an independent state, and any breach of national law.

The impropriety of prosecuting authorities circumventing the civilised process of extradition and instead co-operating with foreign police forces to have fugitives handed over was recognised by the High Court in R.V. Bow Street Magistrates Court, ex parte Mackeson *(i)*.

Sir Rupert Mackeson, who was wanted by the Metropolitan Police on fraud charges, was found at the end of UDI in 1979 to be in Rhodesia.

In the days immediately before the independence of Zimbabwe in April, 1980, when the country had returned to direct rule under the Crown, arrangements had been made between the Metropolitan Police and the Zimbabwe-Rhodesia Government whereby the latter would deport Sir Rupert to the UK.

They did this by putting him on an aircraft bound direct to London where he was handed to police officers awaiting his return.

The High Court in London readily acknowledged the basic principle that Sir Rupert could be tried in the UK and the mere fact that his arrival in England had been procured by illegality would not prevent him being tried.

Lord Lane, the Lord Chief Justice, went on to hold that the court in the UK always retained a discretion to ensure there was no abuse of its processes. He ordered the prosecution and the magistrates court to desist from proceeding with the prosecution of Sir Rupert.

Lord Lane said the Metropolitan Police, "no doubt due to an excess of enthusiasm, certainly not due to any conscious intent to do wrong," had transgressed the line between a proper involvement in ensuring the return of a fugitive criminal to stand trial and an improper evasion of the normal processes for the surrender by one state to another of someone wanted for criminal offences.

That decision has received approval on at least two occasions, in one of which the Court of Appeal (Criminal Division) acknowledged that magistrates could be ordered not to embark on committal proceedings where improper use had been made of a deportation order in a foreign country to circumvent extradition proceedings *(ii)*.

That course, however, held that the undoubted power to stop committal proceedings did not extend to a case where the police in this country had improperly obtained evidence—in that case documents that were legally privileged against disclosure, namely the accused's intructions to his solicitor.

That ruling has been modified by provisions of the Police and Criminal Evidence Act 1984.

Just before the Easter vacation the desirable development of the law controlling the abuse of power by prosecuting authorities was thrown into confusion by a return to the bad old law.

In R. v. Plymouth Justices, ex parte Driver *(iii)*, the Divisional Court on April 3 said the Lord Chief Justice had got the law wrong in Mackeson—by, it said, overlooking some relevant precedents — and decided that the court had no discretion to stop a prosecution for murder by an Australian who had been illegally deported from Turkey.

Mr Andrew Driver had been holidaying in Plymouth at the time of a murder, which later he was suspected of having committed.

About four weeks later, after inquiries through Interpol, Devon and Cornwall Constabulary traced Mr Driver to Turkey. They sought the co-operation of the Turkish authorities for his return to England.

The response of the Turkish police was that they had no authority to extradite Mr Driver, there being no Anglo-Turkish treaty of extradition, or to deport him, but if it was within their power to deport him to the United Kingdom they would give assistance to the UK police in interrogating him.

Eventually the Turkish authorities had said they would expel Mr Driver "United Kingdom destination."

Deportation is ordinarily removal with an option to the deportee to choose a country of destination willing to receive him.

The Turkish authorities asked Devon and Cornwall police to pay Mr Driver's air fare, which they did. Mr Driver was duly deported in a manner illegal under Turkish law. He was flown to Heathrow Airport where he was instantly arrested.

So long as prosecuting authorities in one country have had no hand in the illegal removal of a fugitive offender from another country, there can be no objection to the former relying on their good luck in finding the offender physically within their grasp.

Where, however, foreign authorities have ignored the principles of extradition, not merely at the request of UK police officers but at their instigation and direct assistance, no advantage should be taken of the luckless fugitive finding himself brought back illegally.

That was what the case of Mackeson decided. Its undoubted authority should be reinstated by the House of Lords.

(i) (1981) 75 Cr. App. R. 24.
(ii) R. v. Heston-Francois/ 1984/QB 278.
(iii) Times Law Report, April 19, 1985.

Justinian

Policy on sterling 'lacks coherence'

BY PHILIP STEPHENS

broker, today criticises the Government's policy towards sterling as lacking in coherence and damaging to Britain's competitivenes.

In its Monetary Bulletin it says the increased emphasis placed on defending the exchange rate in recent months means the pound is back to its 1984 levels against non-dollar currencies, in spite of the faster pace of growth in Britain's unit labour costs.

It says a relatively low real exchange rate is needed to ensure industry remains competitive. This would boost exports, discourage imports and create jobs.

It voices concern that the Government has allowed interest rates to fall only slowly from the high levels reached in January when the pound was under pressure.

The broker contrasts the possibilities offered now for a lasting fall in the real exchange rate—inflation being kept under control through a tight monetary policy—with the experience in the 1960s and 1970s when competitive gains were eroded by price rises.

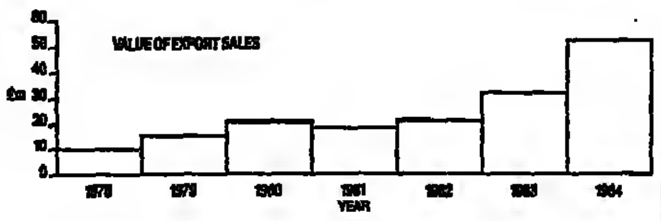
GLC seeks payback for Archway inquiry

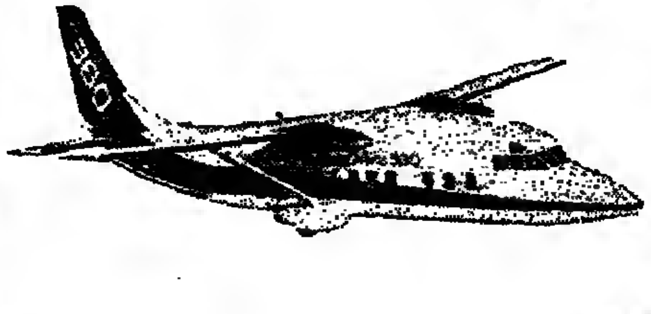
THE Greater London Council has asked for a £250,000 payback from the Department of Transport for costs incurred at the 1984 Archway Road Public Inquiry.

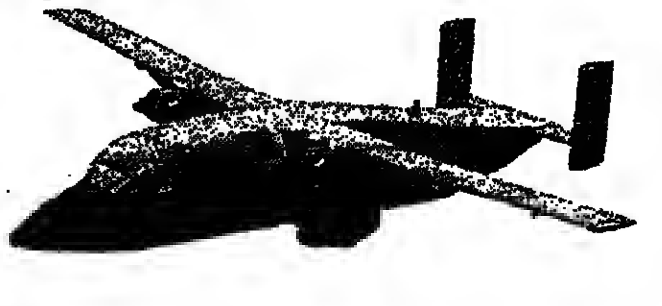
County Hall and other objectors have claimed costs following a government decision to abandon the inquiry and, instead, consider studies of the area being carried out by consultants for the Transport Department.

At the inquiry the department advocated a £30m dual carriageway scheme with underpasses through a conservation area in Highgate, North London.

Most of the £250,000 bill is for consultants' fees, GLC officers' time and legal fees.







Why every pound we invest is worth five pounds to Scotland.

As any schoolchild will tell you, there are one hundred pennies to the pound.

We at the SDA beg to differ.

According to our calculations, one pound equals five hundred pence.

Let us explain.

When the SDA was established in 1975, it was seen by some as being the poor relation of the private financial sector.

Time and our track record over the years have proved the doubters wrong.

In fact, our record is such that when we put money into a project, it encourages our friends in the private sector to follow suit.

To the point where every pound we invest brings in just over four times that amount from private sources.

Last year we invested £9 million.

You don't need a calculator to work out how much this ended up being worth to Scotland.

Who benefited from this injection of capital?

To date, 791 firms have found their association with the SDA not so much useful as invaluable.

Here are just three of our success stories.

MAKING MONEY GROW ON TREES.

In September 1982 an American entrepreneur by the name of John Godfrey read an SDA feasibility study on the Scottish timber industry.

Among other things, the report highlighted a significant opportunity: the manufacture of a new type of wood product known as Orientated Structural Board or OSB.

We won't go into the nitty gritty of OSB production. Suffice it to say that OSB is a very acceptable substitute for plywood.

The difference being that OSB can be made from much smaller logs than plywood. Just the kind of logs that Scotland has in abundance.

As luck would have it, Mr Godfrey had already set up an OSB mill in Maine, USA.

So, without further ado, he contacted the SDA with a view to establishing a similar plant in Scotland.

After investigating the idea, we were delighted to help. We invested £750,000 of the £12.5 million required, most of which came from the private sector.

The new plant is due to start making OSB in 1985, creating 90 new jobs.

But that's not all. It will also help Britain's balance of payments, since until now almost 100% of plywood used in the UK has been imported.

GROW, BABYGRO.

To all appearances, Babygro had everything going for them.

A reputation for quality babywear so strong that their name was virtually a generic term for such clothing.

A dominant position in the UK babywear market, with a 14% slice of the £66 million cake.

And modern, well-equipped factories.

Why, then, had they been experiencing substantial losses?

To find out, we offered the help of our Corporate Services Division.

Following their investigations, a review was produced which forecast a £1 million loss if no action was taken.

Not unnaturally, Babygro's bankers decided it was time to solve the problem.

With help from specialist textile and general consultants, the company was bought from its American owners, a new management team installed, and risk capital raised from the SDA and two like-minded partners from the private sector.

How successful has the cure been?

Well, from a projected loss of £1 million, Babygro have recovered profitability and are now looking forward to further development.

The company, it seems, is growing as fast as its customers.

WHO SAYS THERE'S NO MONEY IN BIOTECHNOLOGY?

Right now, only a handful of companies in the world are making money out of biotechnology.

So when Livingston-based Cruachem asked us for finance to manufacture a new range of chemicals aimed at that particular sector, we were even more cautious than usual.

We went through their plans with a fine toothcomb, before we were finally convinced.

And then not only did we back them, we persuaded one of our private sector partners to do likewise.

Has our investment paid off?

Well, Cruachem now have a US subsidiary distributing and selling the chemicals they make in Livingston. They have customers from Scandinavia to Australia and Asia.

They are all set to manufacture the very latest 'gene machines.'

But above all, they are among the few companies in the world to be making big profits out of biotechnology.

NOW THAT WE'VE HELPED THEM, HOW CAN WE HELP YOU?

As we've demonstrated, the SDA has been able to help a range of companies from new ventures to more mature companies requiring development finance.

We're confident we can help you too; we can certainly advise you.

Although you may well ask why a publicly owned operation should be any better qualified than the private sector.

To such questions, we give the following answers:

Firstly, we have to be seen to try harder. To this end, we will spend time and money thoroughly appraising an idea and talking in depth to the people involved.

(Once we have done our homework, however, we are remarkably fast at making a decision, and implementing it.)

Secondly, being first and foremost a development agency, we are prepared to accept a higher risk to get a desirable project off the ground.

Thirdly, we will do more to help you than any conventional backer because we have a vested interest in the success of businesses in Scotland.

And finally, having operated on both sides of the investment fence, our staff have contacts both in and out of the private sector. We therefore have the flexibility to combine the best that private and public have to offer.

All these policies, as we've seen, have been extremely valuable to Scotland.

Perhaps the time is right to find out just what they could be worth to you.

Investment Division

Scottish
Development
Agency

120 Bothwell Street, Glasgow G2 7JP. Telephone 041 248 2700.

Contracts and Tenders

REPUBLIC OF DJIBOUTI

ELECTRICITE DE DJIBOUTI

PREQUALIFICATION NOTICE FOR BOULAOS DIESEL THERMAL STATION

ELECTRICITE DE DJIBOUTI (EDD) is launching international invitations to tender for the low voltage electromechanical and electrical equipment for the G23 and G24 extension to **BOULAOS** thermal station.

Lot No. 3 for the electromechanical equipment corresponds to the installation of MAN/SIEMENS sets with 5.3 MW unitary power, delivered to Saudi Arabia, then offered non assembled to the Republic of Djibouti. This lot includes expertise of the equipment, assembly of the motors, auxiliary alternators and fluid pipes, start-up and guarantee of the equipment.

Lot No. 4 of the low voltage electrical equipment corresponds to the supply, transport, assembly, start-up and guarantee of the equipment for the G23-G24 sets.

Financing of these operations will be ensured by the **GOVERNMENT OF THE REPUBLIC OF SAUDI ARABIA.**

The studies and the main contractorship are entrusted to:

ELECTRICITE DE FRANCE - DIRECTION DES AFFAIRES INTERNATIONALES (E.D.F. INTERNATIONAL).

PROCEDURE TO BE FOLLOWED:

The manufacturers and companies interested must supply for 18 MAY 1985 at the latest, the references normally required for preselection: financial structures of the tendering company, references of similar works, representation commercial network, production with statistics, company means in personnel and equipment, request letter to tender with statement of the lot.

The files are to be sent as follows:

- one copy to:
  ELECTRICITE DE DJIBOUTI
  B.P. 175
  DJIBOUTI - Rép. de Djibouti
- a second copy to:
  ELECTRICITE DE FRANCE
  EDF-INTERNATIONAL
  68, rue du Faubourg St Honoré
  75008 PARIS - FRANCE

The manufacturers and companies chosen by the Djibouti National Commission of Contracts will be informed by EDF-INTERNATIONAL and the invitation to tender files are to be taken from EDF-INTERNATIONAL as of the date that will be stated.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES
ET PETROCHIMIQUES
(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploitation Company)

NOTICE OF NATIONAL & INTERNATIONAL OPEN CALL FOR TENDER
NO. 0751-1K/MEC/

The National Oil Exploitation Company is launching a National and International open Call for Tender for the supply of the following equipment:

— Various Filters

Tenderers interested in this Call for Tender may obtain the specifications for a sum of 400 Algerian dinars from the following address:

Entreprise Nationale des Travaux aux Puits, 16 Route de Meftah, Oued-Smar, El-Harrach, Algiers, Algeria. Direction des Approvisionnements [Supplies Division], with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope, by registered mail to the Secrétariat de la Direction Approvisionnement [Secretariat, Supplies Division] at the above address.

The outer envelope should not bear any mark that might identify the tender, or any heading, and should read: "Avis d'Appel à la concurrence ouvert national et international no. 0751/1K/MEC—Confidentiel à ne pas ouvrir" [National and International Call for Tender no. 0751/1K/MEC—Confidential do not open].

Tenders must be received 45 days at the latest after this notice is published.

Selection will be made within 180 days of the closing date of this Call for Tender.

PHAB PHYSICALLY HANDICAPPED AND ABLE BODIED

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at The Royal Institution of Great Britain
21 Albemarle Street, London W1

MONDAY 13 MAY 1985 5.30 p.m.-7.30 p.m.

SIR ADRIAN SWIRE (Deputy Chairman, John Swire & Sons Limited) will deliver the third annual Sir John Keswick Memorial Lecture.

It will focus on Hong Kong and China, and include personal and business observations as well as slides about the Far East – it is an opportunity not to be missed.

The event is in aid of PHAB - physically handicapped and able bodied - the national charity which creates opportunities for physically handicapped children and adults to share the rich variety of life, in all its activities and experiences, on equal terms with able bodied people.

Tickets which include a Wine Reception at 5.30 p.m. are £10 each (double ticket £18). Please apply to: Joan Wintle, PHAB (Keswick Lecture), Tavistock House North, Tavistock Square, London WC1H 9HX. Tel. 01-388 1963.

Please supply ☐ tickets. *Cheque enclosed for £* ______ *payable to PHAB*

Name ______

Address ______

______ Tel. No. ______

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES
ET PETROCHIMIQUES
(Ministry for Energy & Chemical & Petrochemical Industries)

ENTERPRISE NATIONAL DES TRAVAUX AUX PUITS
(National Oil Exploitation Company)

NOTICE OF NATIONAL & INTERNATIONAL OPEN CALL FOR TENDER
No. 9108-AY/MEC/

The National Oil Explorstion Company is launching a National and International open call for Tender for the supply of the following equipment:

—Lot No. 1 — 2 x alternator for CATERPILLAR D.348 Model SR 4
—Lot No. 2 — 3 x EMD power unit Model SR 12 E1G

Tenderers Inteersted i nthis Call for Tender may obtain the specifications for a sum of 400.00 Algerian dinars from the following address:

Enterprise Nationale des Trsvaux aux Puits, 16 Route de Meftah, Oed-Smar, El-Harrach, Algiers, Algeris. Direction des Approvisionnements (Supplies Division) with effect from the date on which notice is *published.*

Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope, by registered mail to the Secrétariat de ls Direction Approvisionnement (Secretariat, Supplies Division) at the above address.

The outer envelope should not bear any mark that might identify the tender, or any heading, and should read: "Avis d'Appel à la concurrence overt national et international No. 9108-AY/MEC—Confidentiel à ne pas ouvrir" (National and International Call for Tender No. 9108-AY/MEC—Confidential do not open).

Tenders must be received 45 days at the latest after this notice is published.

Selection will be made within 180 days of the closing date of this Tender.

SYRIAN ARAB REPUBLIC

NOTICE

Damascus Water Supply Authority
Invitation for Prequalification Information
Engineering Services
New Water Resources Development Project for the City of Damascus

The "Etablissement Public des Eaux de Figeh" (EPEF, Damascus Water Supply Authority, SYRIA) is planning to investigate and evaluate new water resources for the provision of the city of Damascus with adequate supplies of water until the year 2010.

To this end, EPEF shall engage an International Consulting Firm or Joint-Venture of Firms specialised in studies of water resources, conveyance, storage, treatment and distribution at the master plan, feasibility and detailed engineering levels.

Interested Consulting Firms having an extensive experience with similar projects may obtain a copy of the prequalification questionnaire forms by application in writing or telex to:

Etablissement Public des Eaux de Figeh
Water Resources Office
Al-Nassr Street
Damascus — SYRIA
Telex: Figdam 411312 SY

It is anticipated that the project shall be financed in part by International or Arab Funding Agencies.

The terminal date for submission of the completed questionnaire forms is 15th May 1985.

President Director-General of EPEF
Eng. M. Rida MOURTADA

Banking Services

The Council is to invite tenders for the operation of its major bank accounts. Banking concerns wishing to be considered should apply to the address below for a registration form returnable **by 7 May 1985 to the Director of Finance (ref. CAA) London Borough of Sutton, Civic Offices, Sutton, Surrey, SM1 1EA**

LONDON BOROUGH OF
SUTTON

GOVERNMENT OF HONG KONG
ROUTE 5 SHA TIN TO TSUEN WAN – SHING MUN SECTION
CIVIL WORKS CONTRACT – PREQUALIFICATION NOTICE

Applications are invited from international contractors to prequalify for the construction of Route 5 Tunnel Project in Hong Kong. Contractors must have recent extensive experience of major rock tunnel construction. The project comprises construction of twin tunnels, each 2250 metres long and carrying two traffic lanes, and associated road and other works.

Contractors should apply by April 30, 1985 for prequalification papers to:

Mott, Hay & Anderson Far East
2401 Sun Hung Kai Centre
30 Harbour Road, Hong Kong

Telephone: 5-757108
Telex : 63892 MHAFE/HX

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Company Notices

SOCIETE GENERALE ALSACIENNE DE BANQUE
$ US 40.000.000
FLOATING RATE NOTES DUE 1995

For the six months, April 12, 1985 to October 14, 1985, the rate of interest has been fixed at 9,50 % P.A.

The interest due on October 15, 1985 against coupon nr 1 will be $ US 490,83 and has been computed on the actual number of days elapsed (186) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

NOTICE OF PREPAYMENT

EUROFIMA

SOCIETE EUROPEENNE POUR LE FINANCEMENT DE MATERIEL FERROVIAIRE FF 120.000.000
13½% BONDS DUE 1987

In accordance with paragraph "prepayment" of the terms and conditions of the bonds, notice is hereby given that Eurofima will prepay on May 22, 1985 the total amount remaining outstanding of the above mentioned bonds at 101 percent of their principal amount.

Payment of interest due on May 22, 1985 and reimbursement of principal will be made in accordance with the terms and conditions of the bonds.

Interest will cease to accrue on bonds as from May 22, 1985.

Luxembourg, April 22, 1985

The Fiscal Agent
Kredietbank S.A. Luxembourgeoise.

STATE LOAN OF THE KINGDOM OF HUNGARY

7½% (Now 2.75 per cent) STERLING BONDS 1924

N. M. ROTHSCHILD & SONS LIMITED announce that the Coupons due 1st May 1985 from bonds which have been assented in London to the 1968 Offer may now be lodged with them listed on the special forms which can be obtained on application.

Coupons will be received on any business day between 9.30 a.m. and 2.00 p.m. and must be left for an appropriate period for examination.

New Court,
St. Swithin's Lane,
London EC4P 4DU
22nd April 1985

ENTE NAZIONALE PER L'ENERGIA ELETTRICA
(E.N.E.L.)

7¼ per cent 1971/1986 loan of European Currency Units 60,000,000

Notice is hereby given to bondholders of the above loan that the Deutsche Mark (European Currency Unit 1 = DM 3.68) has been selected as payment currency for drawn debentures and due coupon.

Drawn debentures and coupon No. 14 will be payable on or after May 1, 1985 by the paying agents mentioned on the debentures.

Fiscal Agent
KREDIETBANK
S. A. Luxembourgeoise

ELECTRICITY SUPPLY COMMISSION—ESCOM

5¼% 1971/1986 UA 20,000,000

On April 5, 1985, Bonds for the amount of UA 1.330.000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed coupon no. 15 attached on and after June 11, 1985.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning at 1702 up to 4850 incl.

Amount outstanding: UA 1.380.000
Outstanding drawn Bonds

69 and 70, 73, 115 to 116 incl., 150 to 166 incl., 168 to 175 incl., 184, 210 and 211, 244, 453, 507, 509 to 548 incl., 551 to 554 incl., 583 to 595 incl., 601 to 605 incl., 644, 659, 734 and 735, 1012, 1017, 1050 to 1054 incl., 1134 to 1139 incl., 1190 1238, 1244 and 1245, 1247 to 1249 incl., 1272, 1369 and 1370, 1412, 1414 and 1415, 1447, 1473, 1485 to 1486 incl., 1528 and 1529, 1589 to 1571 incl., 1573, 1577, 1581, 1595, 1659 and 1660, 1662 to 1667 incl., 7152 and 7153, 7327, 7389 to 7394 incl., 7748 to 7751 incl., 7817 and 7818, 7882 to 7887 incl., 7924 to 7928 incl., 18015, 18730, 18737 and 18742, 19100 and 18101, 19880 and 19881, 19893 and 19894, 19921 to 19923 incl., 19964 and 19965, 19967 to 19970 incl., 19985 to 19987 incl.

Luxembourg, April 19, 1985

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ORTAC INVESTMENT HOLDINGS INCORPORATED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ortac Investment Holdings Incorporated will be held at 27 Bd Albert 1er, Monaco on Monday, 13th May 1985 at 12 noon for the following purposes:

(i) To receive the Report of the Directors and the Accounts for the year ended 31st December 1984, and the Report of the Auditors.

(ii) To re-elect the Directors of the Corporation.

(iii) To re-appoint the Auditors and to authorise the Directors to fix their remuneration.

By Order of the Board

22nd April 1985

NOTICE TO HOLDERS OF 7½% CONVERTIBLE BONDS DUE 1998 OF AMEDCO INTERNATIONAL FINANCE N.V.

Copies of the financial statements and accounts of AMEDCO International Finance N.V. for the year ended December 31, 1984, as certified by Price Waterhouse, independent accountants, together with copies of Annual Report to Stockholders and Form 10-K Annual Report to the United States Securities and Exchange Commission of AMEDCO Inc., the parent of AMEDCO International Finance N.V. and guarantor of the Convertible Bonds, are available upon request to the Office of the Secretary, AMEDCO Inc., P.O. Box 14351A, St. Louis, Missouri 63178, United States of America.

CHARLES B. H. LUEDDE, Esq.
Secretary, AMEDCO Inc. and
Attorney-in-Fact for
AMEDCO International Finance N.V.

Money Market Cheque Account Jersey

Gross Rate	Compounded Annual Rate
12.4%	13.13%

(Minimum balance £2500)

Annual Report and Accounts available on request.

Manager, Ronnie Harris

4, Don Road, St. Helier, Jersey. Tel. 0534 38855.

BANK OF SCOTLAND

(incorporated in Edinburgh, 1695)

Appointments

EMPLOYMENT OPPORTUNITY IN SAUDI ARABIA

An expanding Saudi Company which deals with installation of all kinds of artificial surfaces for sports (Soccer fields, Running tracks, indoor and outdoor) seeking employment of the following:-

a) TECHNICAL SUPERVISOR

Skillfull and highly experienced with the following qualifications:-

1. Good knowledge and background about all the chemicals which are used in synthetic sport surfaces like polyurethane and other related chemicals and sources of raw materials.
2. Long experience in mixing and installation of the material required.
3. Capability of forming, training and supervising groups of workers to mix and install materials.
4. Knowledge of English language, speaking and writing.

b) PROFESSIONAL SALESMAN

Has long experience in marketing of synthetic surfaces for sports and good English language, speaking and writing.

Only candidates who bear the above qualifications are asked to write to the following address attaching certificates supporting their applications:

GENERAL MANAGER, P.O.Box 22094, RIYADH 11495,
SAUDI ARABIA.

Successful candidates will be interviewed on the Company expenses.

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At French Kier we've grown up alongside the tremendous increase in complexity of today's major new construction projects. We've witnessed the far reaching impact of new technologies, new legislation and the effects of a harsh economic climate. Above all, we have seen the old methods and procedures becoming outdated and discarded by an ever increasing number of established clients.

French Kier Construction Management have in their turn, responded to the challenge of these changing times. By establishing a company that can assume complete control for all stages of a contract from design, planning and costing, to construction, site management and administration, French Kier Construction Management exercises total control. At the same time guaranteeing the proven economic rewards of dealing with a single, highly responsive and highly responsible organisation, in terms of final costs, timing and quality.

Our clients call it invaluable. We call it French Kier Construction Management.

If you would like further information about French Kier, please contact:

Duncan Mort,
French Kier Construction Management Ltd,
Tempsford Hall, Sandy, Bedfordshire,
SG19 2BD. Tel: Biggleswade (0767) 40111.

FK CONSTRUCTION MANAGEMENT

A member of the French Kier Group

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TECHNOLOGY

EDITED BY ALAN CANE

Special Correspondent **Stephanie Yanchinski** investigates the human insulin war on both sides of the Atlantic

First big breakthrough for genetic engineering

INVESTORS disappointed by the fading fortunes of biotechnology are starting to take heart from the dramatic turnaround of the first product to come from genetic engineering, human insulin.

Tho recent success of Humulin, produced by Eli Lilly in the U.S. as a treatment for diabetes, is overturning predictions that its initial failure a year ago was a dark portent for the entire biotechnology business.

After a tentative start the U.S. medical profession is signalling its confidence in Lilly's Humulin with a 200 per cent increase in sales over the past 12 months. Humulin now accounts for 10 per cent of the total U.S. insulin market, which amounts to $225m a year.

However, Humulin has had no such success in Europe. Lilly has had to wage a battle against a conservative media attitude. This, added to stiff competition from another human product marketed by Novo Industri of Denmark, has led to patchy performance.

Moreover, other developments in medical research threaten to eliminate the need for insulin altogether, as ways are found to eventually prevent or cure diabetes, although that is not likely to happen for many years.

So the story of Humulin, its success and failures, suggests that the launch of the biotechnology industry in the next few years depends not just on good science and product development, but also on the industry rapidly finding its own unique niches in the marketplace.

Insulin is used to treat diabetes, a group of disorders whose main symptom is an inability properly to break down blood glucose, the main source of energy in the body. This leads to unquenchable thirst and copious urination and blackouts.

A variety of body hormones closely regulates the level of blood glucose, but the most important is insulin, produced in the pancreas. In one common type of diabetes patients fail to produce enough insulin. Without daily injections of the hormone they would die.

Diabetes is the third highest cause of death by illness in the West after heart disease and cancer. An estimated 60m people suffer from the disease. People with diabetes are much more likely to have heart attacks or strokes than their healthy counterparts. Diabetic eye disease is the commonest cause of blindness under tho age of 60, and one in 10 patients will die of kidney failure.

For many years the needs of diabetics to supplement their own supplies of insulin were satisfied by beef and pork insulin extracted from the pancreatic glands of cattle or pigs.

However, doctors suspected that the complications of diabetes were caused by the human body reacting against foreign animal hormones and led to a search for a human substitute.

Consequently, human insulin was high on tha list of targets for the biotechnology companies which were formed in the late 1970s to exploit the new science of genetic engineering. Not long after its formation in 1976 Genetech, now the largest and most respected of the genetic engineering companies, began work on a research contract from Eli Lilly to produce human insulin, using genetic engineering. From a knowledge of genetic engineering combined with fermentation comes the technology to produce vast quantities of scarce human proteins relatively cheaply.

Genetic engineering involves the manipulation of genes of tiny living bacteria or yeasts so that they make human proteins. Genes are the basic chemicals that carry the template for the manufacture of proteins by the cell.

Put simply, in genetic engineering scientists use a battery of techniques collectively called "cloning" to trick these microscopic microbes into accepting human genes. Such techniques involve "splicing" the human gene fragments to the microbe's genes outside the cell and inserting the new combinations back into the bacteria or yeast. Cloning thus creates novel microbes not present in nature.

Normally, a bacterium manufactures only bacterial proteins. But cloned bacteria respond to the instructions of the human genes they carry and manufacture human proteins, usually in great quantities.

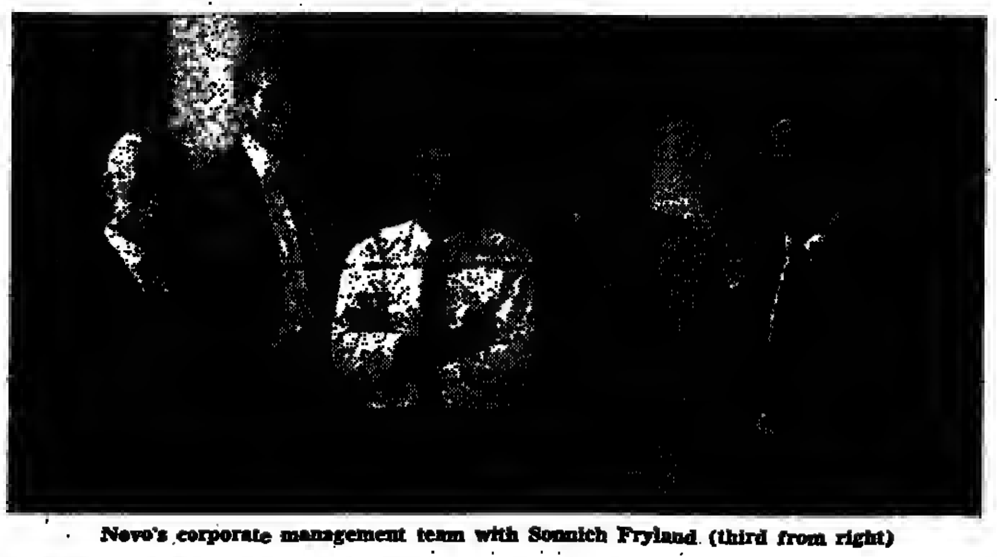
In the commercial application of genetic engineering, scientists start by isolating tho human gene for, say, insulin, from human cells which they then insert into bacteria. Grown up in commercial fermenters these cells yield large quantities of rare substances such as human insulin or interferon normally very difficult or impossible to obtain.

Companies just starting out in biotechnology can draw on 40 years of industrial experience of producing antibiotics on a large scale through fermentation. However, working with genetically engineered microbes presents special problems. The microbes are highly bred and finicky in their requirements, so tho fermentation must be closely controlled. Then after the fermentation is done the minute amounts of fragile human protein must be separated from the vast quantities of fermenter mix with a consistency of cooked porridge.

Perfecting tha new biotechnology processes therefore takes time and money. On top of this stringent safety precautions have posed additional expense. Often companies must construct new facilities in order to satisfy the high standards set by the regulatory authorities anxious to ensure that these novel microbes will not escape into the environment and wreak unexpected havoc. All of this has added to the cost of launching biotechnology products, and unforeseen delay.

Eli Lilly spend $60m on what was to be the first purpose-built biotechnology factory for manufacturing products of genetic engineering at its headquarters in Indianapolis, Indiana. The sophisticated system of computers operating the fermenters at top efficiency alone accounted for between 20 and 25 per cent of the total cost of building the plant.

So it is not surprising that in order to recoup such an investment, and the R&D expenses already incurred, that Eli Lilley originally charged twice as much for its human insulin as for normal insulin.


Novo's corporate management team with Sonnich Fryland (third from right)

This was to have serious consequences on Humulin's early sales for at the same time research failed to show that the human hormone was any better for the patient than animal insulin. Such findings undermined the main thrust of Lilly's promotional campaign while doctors saw little reason to change over.

The medical fraternity still remains divided on the value of human insulin. Dr P. D. Home and Dr K. M. Alberti, whose department at the Royal Victoria Infirmary at Newcastle upon Tyne has long been involved in the clinical trials of human insulin, believe that studies have failed to show any significant advantage over animal insulin.

"Specific indications for the use of human insulin are likely to remain scarce, until the safety of biosynthetic insulin is established, and it costs no more than porcine insulin."

The respected magazine, Drug and Therapeutics Bulletin, a fortnightly publication aimed at doctors, summarised the prevailing medical opinion in 1983 when it said that "the arguments for using human insulin in the majority of patients without certain specific problems are less clear" and "physicians do not yet agree whether human insulin should be used in diabetics newly starting on insulin injections."

Sonnich Fryland, senior vice-president and general manager at Novo, admits that "unless the clinical consequences can be translated into therapeutic meaning for doctors, then they will see no need to switch." He thinks there may be a special niche for such insulins in women in pregnancy and for young diabetics, "but we will know for sure only after 20 years. All we can say now is that it looks as though tho quality of life and control of the condition is better with human insulin."

So in Europe, and particularly in Britain, doctors have held back from prescribing the drug. Sales vary widely from around 4 per cent of insulin sales in tha Netherlands and in Britain, where the total market is worth £28m a year, to 15 per cent in West Germany, where Novo's human product has most of the market.

The explanation for Lilly's success in the U.S. lies not in the product itself, but in a masterful sales camapign which played on the unique relationship between patients and their doctors.

David B. Lippman, an analyst with the American investment bankers and brokers Laidlaw and Ansbacher, suggests that Eli Lilly strongly promoted the idea that human insulin, as a natural substance, should be intrinsically better, especially for new diabetics. "The hard sell," he says, "may have encouraged patients to demand the new product." This approach would not work in Europe, where the doctor retains strict control.

Meanwhile, Lilly faces tough competition from Novo, its arch rival in tha insulin market. Novo, too, had insulin market share to preserve, and so developed its own human insulin, made not by genetic engineering but by chemically altering pork insulin, which is very similar to the human hormones. Human Actrapid and Human Monotard were launched in June 1982 three months ahead of Humulin, and dominates in certain European countries such as West Germany.

Such fierce competition has led to both companies dropping their price. Lilly now markets its Humulin at a price below pork insulin. An analyst recently voiced his suspicions that Lilly may even sell Humulin at a loss in order to undercut its rivals.

Dr Irving Johnson, Lilly's vice-president of research, says: "We are taking over a reasonable per cent of the market in the United States and Europe." And he insists: "Wo are on track for market predictions." Fryland is less optimistic, and says that "uptake of human insulin in Europe is still slow."

The heated battle for a market growing at 10 per cent a year has forced both companies into a relentless pursuit of a second generation of human insulin products with which to improve the balance sheets.

Eli Lilly is working on producing human insulin using a fermentation method that requires not two fermentation tanks as at present, but one. Tho idea is to manufacture not human insulin itself, but a precursor molecule from which the human insulin could then be chemically claved off. Fermentation costs could be cut substantially.

Meanwhile, Novo's scientists in partnership with the Swiss-based firm Biogen, are developing a genetically engineered human insulin to replace the chemical product which at the moment sells for a higher price than Humulin. Fryland says: "Wa always said we would switch to human insulin through fermentation when we had a process that was economically superior."

New facilities will once again be required and Novo recently announced plans to invest hundreds of millions of kroner on building commercial plants for the production of human insulin by genetic engineering.

However, both companies will be given a run for their money by Hoechst, when it begins production of its human insulin in 1987. Tha German chemical company is spending betwaen DM 40m and DM 50m on a new plant for manufacturing biological products and the company claims its method for manufacturing human insulin will be more efficient than Eli Lilly's new one.

Research being pursued at another Danish company adds an interesting postscript to the story of biotechnology's first product. Nordisk hopes to eventually banish the need for insulin alotgether by either developing vaccines against diabetes, or by perfecting transplantation of healthy pancreatic tissue. Gordon Aylward, managing director of Nordisk-UK, says "treatments are many years away," and that "insulin will be required for some time to come" but some clinical trials are believed to be in progress.

How to beat rust with oily water

PROTECTING car body shells from rust by dunking them in water seems like flying in the face of reason, but that is what General Motors is doing at its Vauxhall plants at Ellesmere Port and Luton in the UK.

It is using a substance called Rustilo Aqua developed by Castrol which is mostly water; the rest is an oily rust preventive.

Conventionally, oily anti-rust coatings are applied to the metal body in an expensive organic solvent which then evaporates—giving off fumes which must be vented away and increasing the risk of fire.

Castrol's chemists, however, reasoned they could make use of the very penetrating power of water which makes it so effective as a corrosive agent.

The emulsion of water and oil which makes up Rustilo Aqua spreads over the surface penetrating minute niches and crevices and absorbing any extra moisture it encounters on tho surface.

The oily component has a higher affinity for metal than the water and so it adheres to the surface, breaking the emulsion. Water dries off above the oily film.

Infra-red eye on burglars

A NEW infra-red anti-burglar system is out from Racal-Guardall of Newbridge, Scotland.

Up to five passive infra-red sensors, hidden around a building, are connected to a controller about the size of a light switch fitting.

Body heat emitted by an intruder moving within 10 metres of a sensor triggers electronic switches to bring on lights in the premises.

The system, called Racalite, stays on standby indefinitoly and a photocell cancels operation in daylight.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Coopers Animal Health

Why giants united in a common cause

Andrew Gowers on a joint venture between Wellcome and ICI

IN RECENT months an aggressive new face has emerged in the highly competitive multi-billion-dollar world market for veterinary pharmaceuticals. Or to be more precise, a pair of old faces have undergone radical plastic surgery.

The new company is called Coopers Animal Health, a novel joint venture formed last November by Imperial Chemical Industries (ICI) and the Wellcome Foundation.

Together, they have created a company with more than 3,000 employees world-wide, annual turnover of about £200m and more commitment to the industry than either Wellcome or ICI displayed on their own.

Over the next seven years, they hope to bring Coopers, currently ranking fifth or possibly sixth in the international animal health market, into the top three companies in the field, with a market share of 9 per cent compared with its current estimate of 6 per cent.

It would, on the face of it, be hard to imagine a more curious hybrid.

For one thing, ICI and Wellcome are major rivals in pharmaceutical manufacturing. For another, they are companies with widely differing corporate cultures. Wellcome is wholly-owned by the charitable Wellcome Trust, and thus by definition keeps a lower profile than a company as prominently in the public domain as ICI.

But to those involved, the deal — in which ICI paid Wellcome an undisclosed sum —makes perfect sense. Together, says Dr Ronnie Cresswell, Coopers' chairman and chief executive and a former technical director from Wellcome, Coopers is much stronger than the sum of its parts. Alone, there are doubts whether either ICI or Wellcome could have stayed profitably in the animal health business.

The joint venture also seems to have received the blessing of that fairly rarefied section of the investment community which follows the animal health industry.

"It seems a reasonable initiative for both companies," says Allan Woodburn, analyst with Edinburgh-based stockbrokers Wood Mackenzie. "Both ICI and Wellcome were fairly small in this sector, and together they can do more than they could individually."


Dr Ronnie Cresswell: "Coopers is much stronger than the sum of its parts"

The history of the new organisation stretches back to the early 1980s, when both ICI and Wellcome were encountering problems in their animal health divisions.

ICI's problem was simply that its veterinary drug business was too small. It was strong in research, but did not have particularly large manufacturing facilities and tended to channel sales through agents rather than maintaining a substantial sales force on its own.

At Wellcome, animal health was a more substantial operation. But it had become somewhat neglected following rationalisation of the company's three separate businesses—Cooper, McDougall & Robertson, Burroughs Wellcome and Calmic—in the 1970s.

"At the beginning of this decade, we were confident that the business had a future if it could be readily identified and treated separately, with proper measurement of its targets," says Cresswell.

So when senior executives of the two companies began discussing—at ICI's suggestion—the possibility of Wellcome handling some of ICI's business in North America, the idea of broader collaboration, and even of splitting off their animal health businesses as a separate jointly-owned subsidiary, seemed a logical extension.

That one company might buy the other's veterinary drug division was never a serious option. "Had either party backed away from the deal, there was a possibility that the other would have said: 'Are you interested in selling?'," he says. "But we never had a serious dialogue in Wellcome about what we would do if it fell down."

The plan began to come together in early 1983, but it took another year for the two companies to agree on an outline for their joint venture.

This consists of:

● A holding company, owned 51 per cent by Wellcome and 49 per cent by ICI, controlling all Coopers business except for that in Australia and New Zealand through an operating subsidiary.

● Two separate companies, with ownership reversed, for the Australian and New Zealand operations.

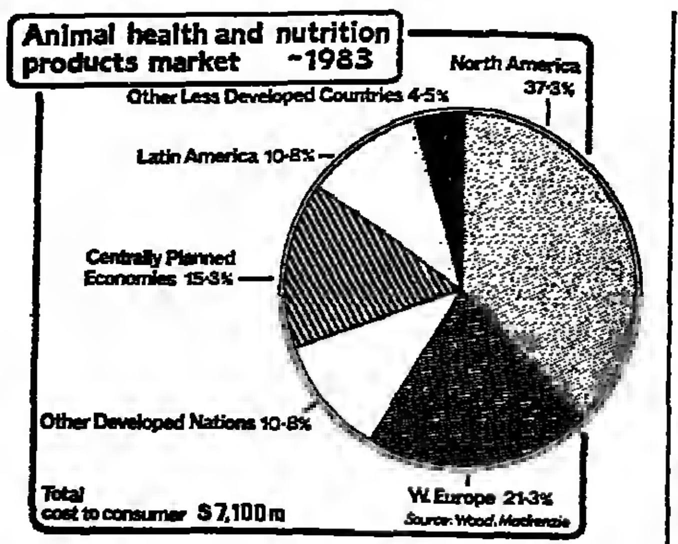
Coopers' management has been plucked from both companies, but is overwhelmingly dominated by former Wellcome employees—in a ratio of 10 Wellcome people to one from ICI. This reflects Wellcome's strengths in labour-intensive production and sales operations. But key technical personnel in the new company have been recruited from ICI.

As for the apparent differences between the ethos of ICI and that of Wellcome, with its charitable parent, Cresswell dismisses the idea that this could create significant problems.

"There are undoubtedly differences in our cultures, but it's very difficult to put your finger on it," he says. "In fact, when it comes down to pressure to perform, there's precious little difference between the Wellcome Foundation and ICI."

Be that is it may, it is clear that Wellcome—shielded, unlike ICI, from the pressures of day-to-day share price fluctuations—functions differently from its larger rival. Perhaps it can afford for this reason to take a longer view over profitability than a major public company.

"ICI, as a larger company, is clearly more systematised. They're a bit more bureaucratic," says one Cooper's manager. "Wellcome, as a smaller entity, tends to be a bit more individualistic and idiosyncratic."


Animal health and nutrition products market ~1983

Source: Wood, Mackenzie

At the same time, commercial pressures at Wellcome have undoubtedly been increasing, and Coopers is in one sense an outgrowth of this process.

"Wellcome is in a much more commercial environment than it was 10 years ago," says a manager who came to Coopers from the Foundation. "Then the Trust was regarded purely as an altruistic benefactor of mankind, and could jog along with a comfortable life and a reasonable profit. We've come to a position now where we've got to be and are being more businesslike."

Meanwhile, the name—deliberately chosen to give the company a separate marketing identity from its parents—is a blast from the pre-Wellcome past. Coopers was founded by a vet, William Cooper, in 1843 to produce the world's first effective sheep dip, but the name vanished after Wellcome bought the business in 1959.

Quite apart from the organisational problems, there was an outside possibility that Coopers' venture might not get the go-ahead in some countries—particularly in New Zealand.

But Cresswell maintains that anti-trust considerations did not loom large for Wellcome and ICI, which together still only have a tiny proportion of the world's market.

"What we have done is an attempt to strengthen two businesses which we believe needed strengthening. We have not created anything which would appear to dominate any one market," he says.

The company was finally launched in November, and the merged operation is now functioning in most countries where ICI and Wellcome already had a presence. That includes most of Western Europe, South America, South Africa, North America, Australia and New Zealand.

Of course, the merger has offered opportunities for savings. Some fringe product lines are to be eliminated, and there have been a few redundancies.

The combined product mix focuses on three main areas. Both ICI and Wellcome previously had strengths in ectoparasiticides (insecticides for external use on animals) and endoparasiticides (wormers), and Coopers will be able to capitalise on Wellcome's advantages in the vaccine line. In its laboratories, the search is on for new vaccines, among other things.

In addition to new geographical markets, Coopers also wants to expand its products to cover animal species to which its parents—largely concentrating on cattle and sheep—have not paid much attention up to now. These include pigs, dogs, cats and horses.

The real prize is the U.S.—the world's biggest animal health market, and a fiercely competitive one at that. Most of Cooper's main competitors—Pfizer, Eli Lilly and American Cyanamid—are based there.

While Cresswell is aiming for "full independence" from Wellcome and ICI over the next two to three years. Observers are a little sceptical as to how autonomous Coopers will ever be. Its freedom in financial matters is severely circumscribed, and the company is unlikely to be permitted to raise funds on its own behalf.

"At any given point in time, the two organisations may not have the same capital investment priorities," says Cresswell reflectively. "It's not unreasonable to imagine that you could have a stalemate. In that case, I might be forced to ask the party that doesn't want to spend whether it wants to stay in the business."

Product design

A clash of cultures

FORGET all that hype about the inexorable globalisation of products, markets and advertising campaigns. National differences in product design remain uppermost, and with the help of new production technologies, they may even grow stronger.

Such is the provocative message of a major exhibition, National Characteristics in Design, which has just opened at the Boilerhouse gallery of London's Victoria and Albert Museum*.

Displaying a wide range of products from eight leading industrial nations, the exhibition provides manufacturers and retailers with valuable food for thought about the sense—or otherwise—of neglecting the cultural attitudes which in the past have distinguished one country's markets from another's, and which to a great extent continue to do so.

The exhibition, and the accompanying catalogue, pay scant attention to the growing influence of one country's design culture on those of others—especially the "global" impact of American, Italian, German and now Japanese design. But it more than compensates for this (intentional) omission by highlighting the myriad of subtle differences that still exist between countries.

Thus the design of American cars, buses, trains, clothes and even shoes is characterised as having a "macho" quality all its own, and being obsessed with image and packaging. "A big, rugged country needs big, rugged products," it maintains. "These great Peterbilt and Mack trucks symbolise the muscular energy of the Big Country."

Even the humble hamburger "speaks mouthfuls" about American design, professes the frequently tongue-in-cheek commentary; it is "the ultimate in disposable consumer goods for a society that is aggressively demanding, constantly expanding, and hyperactive." Again, it is "a paradigm of American consumer culture: mass produced, cheap, efficient and essentially juvenile."


The humble hamburger is "a paradigm of American consumer culture: mass-produced, cheap, efficient and essentially juvenile"

Exuberance is also one of the hallmarks of Italian design, but the catalogue's author, Jonathan Glancey, argues that it is of a different character from the American, in that beauty is seen as all-important—almost regardless of function.

"Beautifully sculpted Alfa Romeos and classically proportioned Lancias have rusted into heaps before their owners' disbelieving eyes," bemoans Glancey. Similarly, "it is not all that important" whether a fashionable desk lamp actually works. "Who cares if it is practical or not?"

Pursuing the exhibition's theme that design differences are the direct result of varying national cultures, Glancey argues that the German obsession with functionalism is, paradoxically, part and parcel of the country's tradition of romanticism. He describes the idealisation of engineering and efficiency as "a truly romantic German dream." Sometimes it becomes reality, as in the Messerschmidt fighters whose rational design and construction made them much easier to produce and repair than their deadly but complicated rivals, the British Spitfires.

Glancey maintains that the dream occasionally becomes deceptive, in the form of beautiful products which work less well than they might. He is particularly critical of certain aspects of the Audi 100 executive car and Braun's Micron Shaver.

As with the German combination of romanticism and functionalism, French and British designs are also permeated by apparently opposed characteristics. In France, agricultural simplicity (epitomised by the Citroen 2CV) is juxtaposed with the ultimate in high technology (Citroen's more up-market CX). Sometimes it is actually combined with it (French railway locomotives).

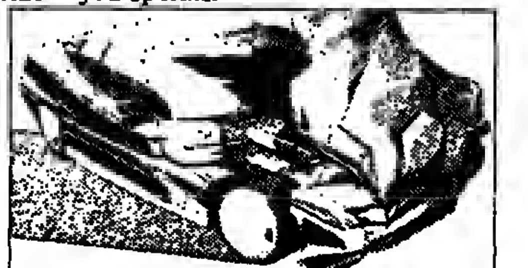
In Britain, Glancey argues, people want to feel (even if they are fooling themselves) that the products they buy are in some way the work of human hands. The elegant curves of a Jaguar car, a black London taxi, a Routemaster bus and a red telephone box (now under threat of extinction), all mask the workings of highly functional products "with a garb of well-tailored, well-mannered clothing."

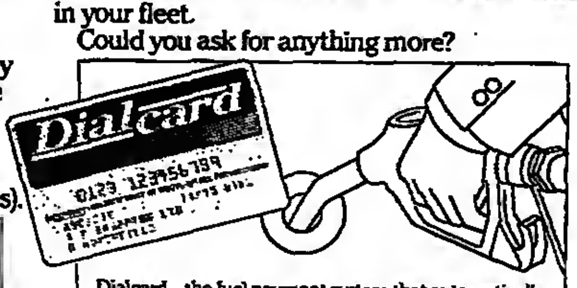
In contrast with the middle-class values and lifestyles that are mirrored in German design—thrift, industry, reliability and hard work—Glancey maintains that French and British design retains the influence of traditional aristocratic values: rural conservatism in France, love of the well-groomed racehorse in Britain.

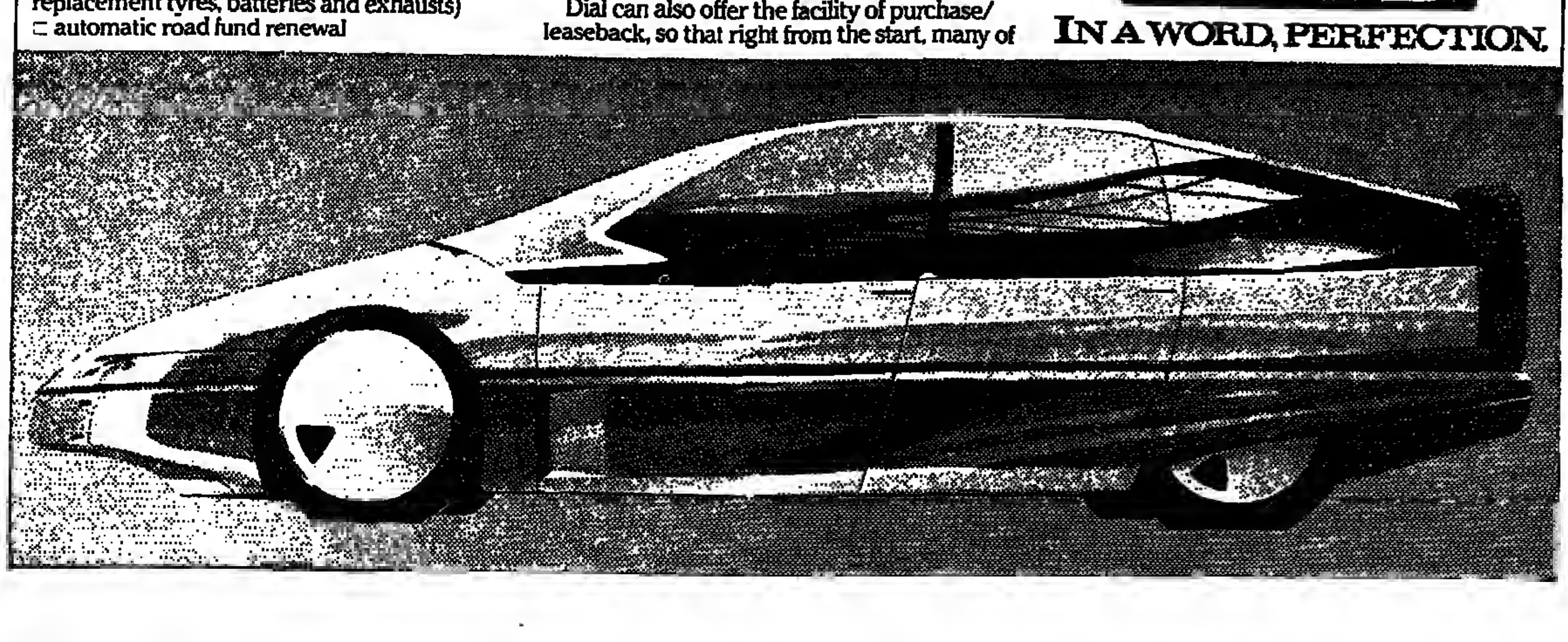
Lest this levity-tinged discussion of cultural differences should prove too much for the down-to-earth visitor to the exhibition, Glancey concludes his catalogue with a point of very practical value to the business world. "At a time when consumer choice is growing, manufacturers need to pursue a policy of clearly identifiable design." As new technology begins to allow short production runs for the first time since the 18th century, further market fragmentation will occur, and with it the need for products to convey more personality.

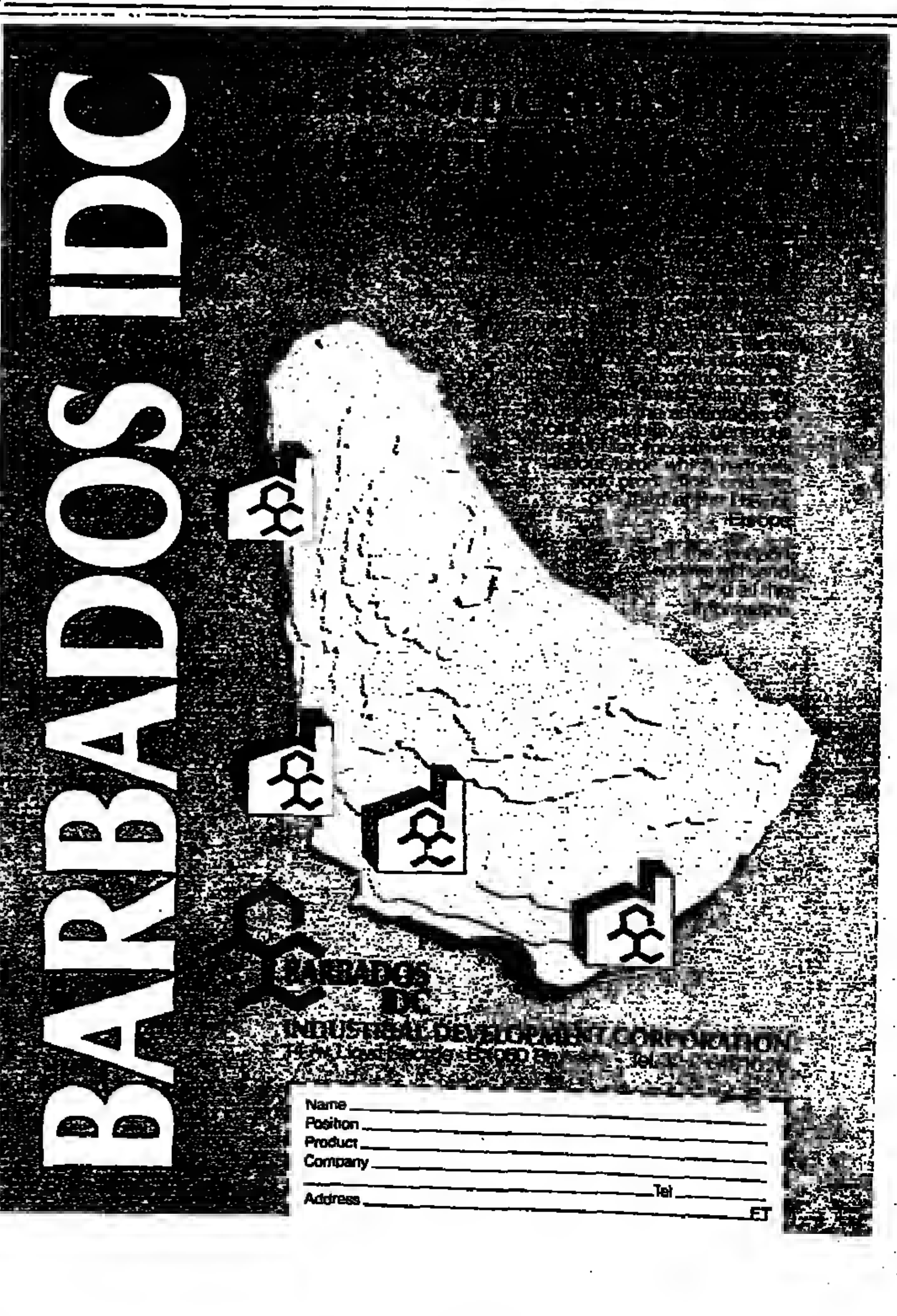
*Until July 18. Open daily except Fridays.

Christopher Lorenz









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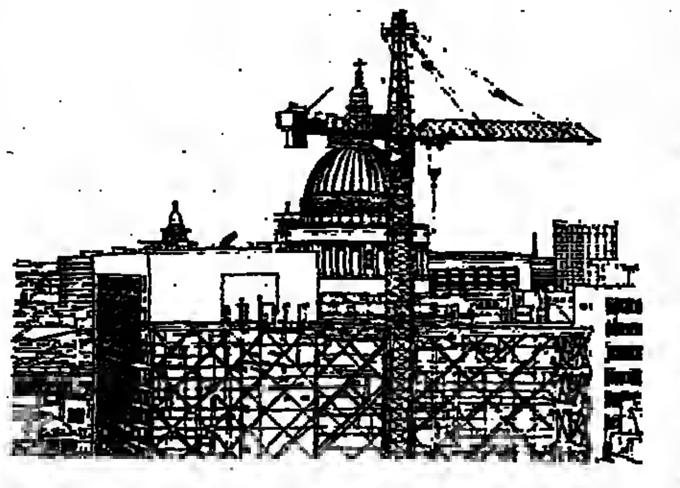
THE ARTS

Architecture/Colin Amery

Rights and wrongs in the City



I was recently reading a report put out by the Centre for Policy Studies on the new City of London Draft Plan. It is strong stuff, forthright, pungent, and very much the views of the New Right. It was back in 1974 that Mrs Margaret Thatcher and Sir Keith Joseph founded the centre to promote the vigorous policies of free enterprise. The documents they publish tend to be read by the Prime Minister and, so that they can all stay abreast of her thinking, by the Cabinet, too.

It is an unusual document because it actually makes comments on matters of planning and aesthetics from a totally philistine point of view. It is a long time since I have read anything that so strongly expresses the world of Mrs Gradgrind: economic facts and facts alone are what matter, what the City would be like to live and work in clearly does not matter.

It conjures up a terrible picture of the future. City clerks and office girls and their bosses are clearly going to spend their days glued to VDU's, the flicker of the green graphics provoking memories of the lawn at home in Weybridge. Office buildings will be sealed environments, glass tinted to make the sky permanently brown. Only the matutinal walk through the atrium will recall the world of the ficus plant and the seasonally changed blooms.

The more fortunate will have the open plazas provided by the more lavish developers, where the McDonalds' packets will blow about in the dust and the shops will all be underground. The few over-restored Wren churches will be the only reminders of what human scale used to be like—and is it possible that they might remind us that there is just the chance of something other than money and medocrity?

In fact, the New Right's view of the City plan and the vision it conjures up, is so over-simplified as to be scarcely credible. They seem to believe that the extension of conservation areas will turn the commercial centre of the City into "a museum of moderately interesting buildings." The City of London architect, Mr Stuart Murphy, is however, on record as saying: "What I, and again, I believe, the Corporation are determined to ensure is growth and change in the City to reflect the needs of the modern City, but in terms that will conserve the character which so much of the building in the '50s and '60s destroyed by a new scale and a form of building" (letter to the Architects Journal, 1985). This seems to be a more sensible and legitimate aim for a plan than the Central Policy Unit's wish to let the entire City come up for grabs under the guise of "market forces."

Some developers have been drawing attention to the recent report that the city of Paris has eased its planning curbs to encourage office development. Some have gone as far as to suggest that the City of London's apparently restrictive policies will drive the financial institutions to Paris.

This is far from the truth. The Paris proposals will not affect the historic heart of the city, where most of the buildings in the central area are protected. Mr Palumbo would find it even harder to demolish historic quarters of Paris than he has in London. He might find it easier to build in the inner suburbs or new towns of Paris but *not* in the centre.

I deplore the polarisation of attitudes that a report like the CPU's might encourage. It is time to take a broad look at the City, because there are plenty of places where redevelopment is possible and should be positively encouraged. There is room for more large high buildings to the east of the City. The NatWest Tower area should be further developed. From all other parts of London, particularly the South Bank, there is a clear visual need for more towers clustered together. To the east of the City they do no damage to St Pauls, or Mansion House. They could also enhance the skyline.

There is no argument for the retention of Broad Street Station—only a sentimental one, an affection for the willowherb and wildness of the lonely platforms. Broad Street is the perfect spot for large scale, well designed office development. London Bridge City and Butler's Wharf on the South side of the Thames will all add substantially to the City's need for outlying offices.

As the CPU document itself says, there is little need for large office premises near the Stock Exchange or the Bank of England. It is worth quoting this part of the report, based on a survey of 12 leading UK and foreign merchant banks or securities companies. It states: "The proposed transfer of the majority of dealing from the Stock Exchange floor to screens has accelerated the realisation that close proximity to the Stock Exchange and Bank of England is no longer functionally important for these companies. For self-confident companies who do not need central locations for prestige, 'the location game is out of the window.'

It is fascinating to read that it is no longer considered necessary for foreign banks to be near the Bank of England, and that the introduction of the Clearing Houses Automated Payments System makes the presence of large bank premises near Threadneedle Street unnecessary.

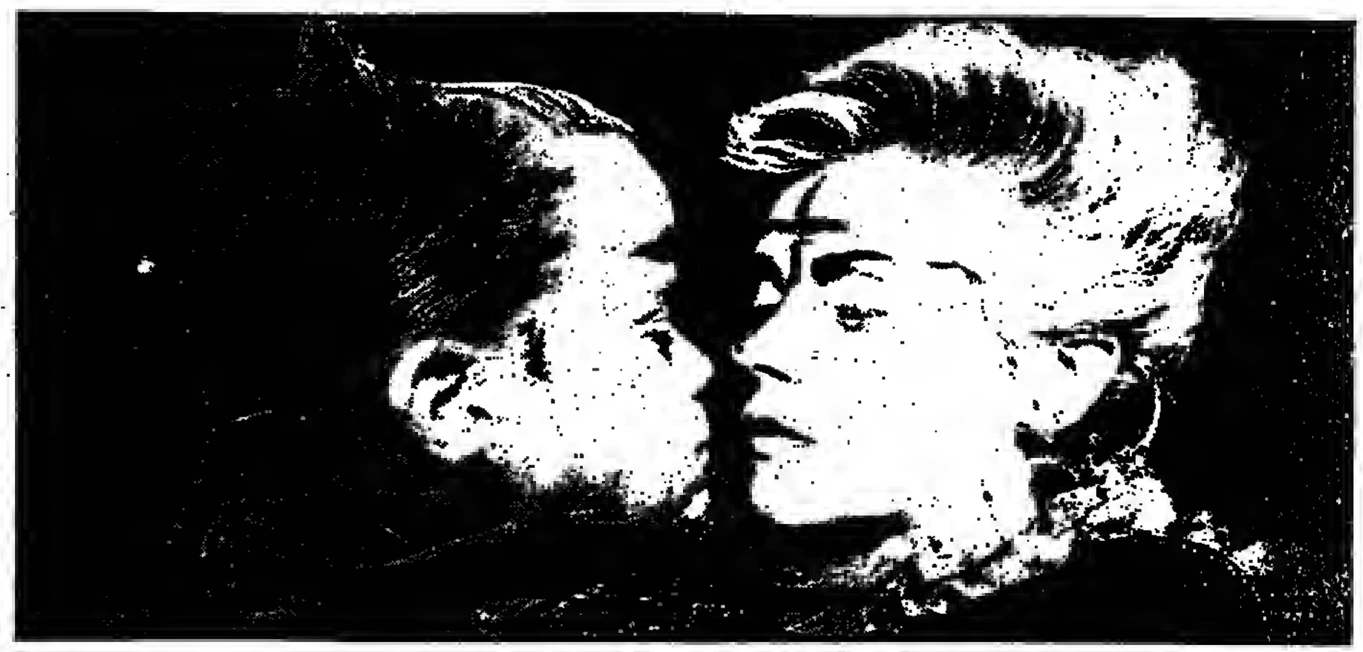
The recent refurbishment of the area in front of the Royal Exchange, with the elegant lamps provided by the 12 leading livery companies, and the decent granite surround for the Wellington statue with plants and very attractive Chinese fret seats, shows how this part of the City could look when the uncertainty over Mansion House Square has been settled and the fine Victorian offices have been restored and refurbished.

It is right that the City wants to conserve this heart of the Square Mile. It should also encourage the necessary growth of the new types of offices that are needed on the outer edges. It is time perhaps to admit the failure of the Miesian-type towers on London Wall built in the 1950s and 60s. The whole of that side of the Barbican could be redeveloped.

It is time for conservationists and planners and politicians to work together in the City with enlightened developers because it is possible to improve the heritage without wiping it all away.

Macbeth and Macbeth Possessed/Glasgow

Martin Hoyle



Nathanial Hook and Siobhan Redmond

Floating dust is caught in the shafts of sunlight that fall through the boarded ecclesiastical windows: charred wooden walls, stone floor and a back gallery bespeak the disused church—chunks of masonry, lengths of cornice, fragments of statues carefully in evidence—whose setting for a play devoted to and, say the superstitious, still provoking evil is a suitably Shakespearian oxymoron.

For a while old King Duncan and his son stand unspeaking while a gravedigger stoically shovels earth over sack after cadaver-sized sack of battle casualties. But the first words go to three small children in Jacobean clothes, face-paint and punk hair-styles. Michael Boyd's production has replaced the witches with malevolent manikins who greet evil with piercing screams and burst out of Duncan's chamber to scamper past the waiting Lady Macbeth (she starts, aware of some presence: "It was the owl that shrieked.").

Mr Boyd, whose chamber *Othello* was such a success at Hammersmith's Lyric Studio, recently became the first permanent artistic director of the Tron Theatre in the shadow of the market cross where Glasgow's most recent saint, John Ogilvy, suffered not long after *Macbeth* was written.

This production is imaginative and streamlined — the matinée I attended lasted 2½ hours with interval—and a hit with young audiences (two braw bairns behind me, munching stolidly through an inexhaustible supply of paper bags, never wavered in their attention, eyes fixed rigidly over steadily moving jaws).

The space is used well. The banqueting scene takes place in an aisle, out of sight. After a thudding at the onstage door (mysterious knocking is a constant motif of this production) the wood is splintered and through the dust stalks Banquo's ghost, like the spectre in *Don Giovanni*, in search of the miscreant. The use of children is no mere gimmick but adds something indefinably sinister. "Is this a dagger that I see before me?" Yes; extended ferociously by the tiny Macduff. Polished off by black-hooded figures (alas, no snarl of "You egg!") he gets up, replaces his malignant maquillage and rejoins the glowering homunculi.

The Macbeths themselves are suitably young, bold and confident (indeed the small cast has no weak link). The production demands vigour and attack from Sandy Welch who could with advantage take a calmer line: the bitter "sere and yellow" speech is as much reflective as angry. Occasionally Mr Welch's striding swagger turns into a flounce; but if he has yet to grow into the larger theatrical flourish (many of the big-gun effects seemed to lack conviction) this is still a compulsively watchable Macbeth.

This production's obligatory victim to the Scottish play's curse — she played the first performances with a perforated eardrum — Maureen Beattie is a brisk, organising Gruoch. Especially in her urgent "unsex me here" is one aware of how right the part sounds in Scots tones: indeed, the Scottish tendency to preciseness in speech makes the whole cast more consistently intelligible than some companies from nearer Shakespeare's own territory. Her sleepwalking was low-key, conversational, interrupted by purposeful marching up and down, until the horror struck her, mouth stretched in an appalled silent scream and body rigid, when she returned, broken, to bed.

The goodwill generated by this lively *Macbeth* quickly evaporates during Stuart Delves's protracted and atrociously-written undergraduate sketch, *Macbeth Possessed*, playing in repertory with Shakespeare until May 5.

A performance of Shakespeare's play is disrupted by voodoo drums, fainting actors, a compulsion to dance, inexplicably mouthed Gaelic. Via mediums the historical Thane and his lady demand justice and force a replay of the original first night before James I and VI, but with the truth rather than Shakespeare's politically expedient lies. The humour is low camp, the serious element turgid and sometimes disastrously sub-poetic. Significantly, the blocking is amateurish and some hitherto excellent players are indistinct and crude; though Siobhan Redmond, a strong Lady Macduff in the original, is fervent, powerful and moving as the real Queen Gruoch. But the theme needs the combined talents of Tom Stoppard and Gordon Daviot.

London Sinfonietta

Paul Driver

The London Sinfonietta's week-long "Bean Feast," as well as its current season of concert promotions, ended on Saturday night at the Elizabeth Hall with a considerable extravaganza. Simon Rattle compèred and conducted a programme in which masterpieces of "classically" composed jazz—Milhaud's *La Création du Monde*, Stravinsky's *Ebony Concerto*, Gershwin's *Rhapsody in Blue*—were intermixed with song arrangements for the Paul Whiteman band, and a couple of others.

Rattle's brilliance of direction was immediately evident in a beautifully proportioned, sensitively coloured, and rhythmically knife-sharp account of Milhaud's famous ballet score; the melodious wind solos were sumptuously atmospheric, the "shuffle" was light, clean and fast, the climaxes soared in splendour. As much virtuosity went into a transparent presentation of the *Ebony Concerto*—Stravinsky's prodigiously condensed and original offering to the Woody Herman Orchestra in 1946. Michael Collins excellently took the wheeling clarinet obbligato which Herman himself would have played. But the performance was a triumph of coordination and insight for all.

Rhapsody in Blue was given in its original scoring for the Whiteman band. This affords a far more visceral experience of the music than does the familiar version for large lush orchestra; and after Saturday's performance with the young Dutch pianist Richard Brautigam deeply impressive in the solo role, I doubt if anyone in the audience would want to return to the latter.

The final semi-straight item was Leonard Bernstein's *Prelude, Fugue and Riffs*, written for Woody Herman but actually launched by Benny Goodman, in 1955. Simon Rattle suggested that the difficulty of the clarinet solo (Michael Collins again) was too much for Herman. The piece runs continuously and with an effortless flow of inspiration. It recalls at least three places in Stravinsky's oeuvre, including part of the *Ebony Concerto*. It has a gigantic impact.

The eight Whiteman arrangements, two of which featured Rattle's wife Elise Ross as vocalist (unfortunately she was badly miked), were immense and simple pleasure. The seven-man saxophone section also gave us two short numbers arranged by Ted White; and this lusciousness could only be the clotted cream of the jam session.

The Marriage of Figaro

Rodney Milnes

This revival of the barely twitching remains of Jonathan Miller's once fine production of Mozart's opera was a disaster for nearly everyone concerned. I suppose a re-producer, in this case Malcolm Hunter, is at liberty to junk much of the original, but it is advisable to dream up something better—or at least as good—to put in its place. Mr Hunter failed and, worse, appeared not fully to have grasped the mechanics of the plot (difficult, I know, but it's his job) since what occurred in Act 4 made complete nonsense of it. This should not happen in a major opera house.

There were drawbacks of a similarly basic nature in the pit where Peter Robinson, who earlier in the season solved the problems of big-house Mozart so convincingly in *Così fan tutte* failed to keep orchestra and stage together far too frequently for either comfort or chance. Some funereal tempos ("Porgi amor" and "Deh vieni") suggested *L'esequie di Figaro* as much as nozze, and together with incoherently structured accompanied recitatives suggested that the fault was not entirely that of a visibly nervous cast. Had last Saturday's revival been properly rehearsed?

The singers, then, were left on their own to salvage what they could in a bewildering variety of dramatic styles. Most successful were Diana Montague as Cherubino, brilliantly sung and discreetly acted, and Richard Van Allan, as the Count, a role he was singing (and singing well) for the first time. He virtually alone of the cast sang the insufficiently amended Dent translation as if it meant something; too many of the others delivered it with all the vivacity of a mnemonic learnt by rote.

Cathryn Pope's bright-toned, sparky Susanna worked well on its own terms, which are perhaps too soubrette-ish for current views of the role, and Jane Leslie MacKenzie's sweetly sung Countess (she joined the cast at a late stage) promised much for the future in happier circumstances. Richard Angas (Bartolo) and Helen Kucharek (Barbarina) were first-rate.

Over Florian Cerny's Figaro it would be kindest to draw a veil of thunderstruck silence. He is experienced mainly in the heavy German and Italian dramatic repertory, and made his mark in Opera North's *Cav.* and *Pag.* last year, but whoever thought this was the right role for him in which to make this house debut need their heads examining. The poor man, whose first language is not English, looked as embarrassed as I felt. Black marks all round.

Leicester's "Classics" to visit Islington

The Leicester Haymarket Studio's season of Classics, at present on tour, is to play at the Almeida Theatre, Islington, from May 2-25.

On the bill will be Nancy Meckler's production of Euripides' tragedy, *Medea*; the one-act play, *A Bedtime Story*, together with Ionesco's *The Bald Prima Donna*, also directed by Nancy Meckler; and Büchner's *Woyzeck*, produced by Les Waters.

Martine/Lyttelton

B. A. Young

Julien (Andrew C. Wadsworth), newly demobbed from the French army in Syria, walks through a corn field towards the house of his grandmother, Mme Mervan, where he intends to stay. At the roadside, under the shade of an apple tree, Martine (Wendy Morgan) sits with a basket on either side of her. Julien, to whom even a peasant girl will be acceptable after his military life, stops and pays her pretty compliments ("So cool, fragrant"), to which Martine makes no apparent reaction.

And here is the point of Jean-Jacques Bernard's little country romance. Martine is as inarticulate as any 18-year-old country girl might be when addressed by a handsome young member of a higher social class; but she is not indifferent. On the contrary, she falls inarticulately in love, remaining unable to show or to say how she feels.

She is just as unresponsive to her steady suitor Alfred (Barrie Rutter), a son of the soil who believes that wives are for cooking and washing and babies, and she remains so when, after a fortnight, it is clear that Julien has gone back to his old fiancée Jeanne, to whom Jessica Turner gives a hint of Evelyn Waugh with her cigarettes in long holders (the date is about 1920). Only once do we ever see Martine's feelings overcome her, and by then it's too late. Julien has married Jeanne, and she has married Alfred. The moment passes with a single line and a single sharp gesture, and is heartbreaking. But we have known her feelings towards Julien and Alfred from what Bernard calls the "dialogue lying underneath the heard dialogue."

The writing is delicate, as far as we can tell from the translation by John Fowles, which seems to be out of touch with normal English speech, using "one" for the French "on" even in uneducated talk, for example. Bernard might have tried, though, to demonstrate his belief in "the arts of the unexpressed" in a more potent example. However sensitively you write the dialogue, the story of *Martine* is just a romance about a man and two girls. I though of Schnitzler's *Liebelei*, where you have a similar case of the unrevealed effect on an unsophisticated girl of momentary interest by a sophisticated flaneur. Schnitzler has social criticism to add to his romance; Bernard has only dramatic theory.

Peter Hall's production is suitably romantic. There is a row of sets by Alison Chitty (the play is in five acts, played without interval) that incorporate the class difference. Outdoors, Martine, to whom Wendy Morgan lends a treasure of blonde hair and brown skin, is, in her modest way, alive, even if her favourite gesture is a dipped chin and lowered eyes. In the house of Mme Mervan (Jean Anderson), she is an item of furniture, impassive and obedient. The sets are beautiful, the cornfield especially, but the lighting-man Gerry Jenkinson has omitted there to have any shade under the tree to give Julien his first chance of a talk.

Mr Wadsworth will find that if he tries to scythe grass with the gesture he demonstrates, he won't cut much. Perhaps this is a sign of Julien's inherent good breeding, that within a year gets him transferred from the parliamentary reporting in his paper to editing the literary page.

Modern dance losing popularity

Modern dance, favoured by the Arts Council as an activity of growing public interest, has come out badly in research conducted by MORI into arts attendances in the UK. In a sample of 1,090 adults only 10 per cent had seen modern dance in the past year as against 18 per cent in 1981. Cinema recorded an 8 per cent drop, too, to 33 per cent.

The research offered little encouragement for the arts, suggesting slight falls in attendances at museums, orchestral and pop concerts, and the classical ballet. Theatre and opera had held its audience.

Chinese take winners' medals in violin contest

China made a clean sweep of the Orion Insurance Yehudi Menuhin International Violin Competition which ended at Folkestone this weekend. The winner among the seniors was Yang Xiao-Dong, aged 15, who received £3,500, the Yehudi Menuhin silver medal and the chance to play with the RPO at the Festival Hall, while the junior competition, and medal, went to Guo Chang, 14, who gets £2,500.

Tasmin Little of the UK was second in the seniors event, and Elizabeth Glass of Germany runner-up among the juniors.

Saleroom/Antony Thorncroft

Buyer's premium to stay

The chairman of Christie's, David Bathurst, has moved quickly to scotch reports that the saleroom is prepared to waive the 8 per cent buyer's premium on top of the hammer price in the case of major purchasers of works of art like the Getty Museum of California, which bid £7.5m for Mantegna's "The adoration of the Magi" at Christie's last Thursday night. It will still have to pay an extra £600,000 in premium.

Both Christie's and Sotheby's acknowledge that, when competing for important collections, they are prepared to compromise over the seller's 10 per cent commission, but they are adamant that the rivalry between them has not yet extended to tampering with their charges to buyers.

The sale of the Mantegna was not without its other controversies. The auctioneer, Patrick Lindsay, refused to accept a bid from Wildenstein of £50,000 more than the £7.5m offered by the Artemis Gallery, biding on behalf of the Getty. At this level bids should jump by £200,000—yet Lindsay did make it clear he would have accepted £7.6m, from Wildenstein.

There is also some irritation on the part of the seller of the Mantegna, the Marques of Northampton, as well as the Getty and Christie's over the efforts of Timothy Clifford of the National Gallery of Scotland to try to raise the money to keep the painting in the UK.

His well-publicised determination to launch an appeal will ensure that the Mantegna is refused an export licence, probably for six months, while fund-raising is attempted. It is very unlikely to be successful. The price is far in excess of the annual purchasing grant of any British gallery, and the National Heritage Fund is fully committed trying to save Kedleston Hall, Weston Park and the Nostell Priory furniture.

If, by some remarkable chance, the money was raised, it would cause consternation among other gallery and museum directors who could think of better ways of helping the heritage with £8m, not least by improving the housing of the fine arts. Apart from the Mantegnas in the collections of the National Gallery and Hampton Court the "Magi" has been in the UK for little more than a century. When big rescue operations are mounted they should be to save works of art of the highest quality with strong British links, and there should also be a good chance of the appeal being successful.

Apart from the Mantegna, bidding was unexciting for the other Old Master pictures sold by Christie's last week. "A village market," by Jan Brueghel the Elder made £486,000, and "An old woman making lace," by Nicolaes Maes was sold for £410,400 to the Brod Gallery of London. On Friday, more than 20 per cent of the auction was unsold but Colnaghi paid £167,400 for "The adoration of the shepherds," by van Honthorst, and a church interior by de Witte did very well at £129,600.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 19-25

Music

LONDON

English Chamber Orchestra and Tallis Chamber Choir conducted by Yehudi Menuhin: Bach. Barbican Hall (638 8891) (Mon).

Philharmonia Orchestra conducted by Giuseppe Sinopoli with Salvatore Accardo, violin. Ravel, Scriabin, Saint-Saens. Royal Festival Hall (Mon). (928 3191).

Handel Tercentenary Tribute with Wendy Eathorne, soprano, Kenneth Bowen, tenor and other soloists. Arias, duets and choruses. Purcell Room (Tue). (928 3191).

Royal Philharmonic Orchestra conducted by Sir Charles Groves with John Williams, guitar. Smetana, Rodrigo, Berlioz and Vaughan Williams. Royal Festival Hall (Tue).

Scottish National Orchestra conducted by Neeme Jarvi, with Birgit Finnila, mezzo soprano. Haydn, Dvorak and Beethoven (Tue). Barbican Hall.

La Grande Ecurie et la Chambre du Roy conducted by Jean Claude Malgoire. Bach and Handel. Barbican Hall (Wed 1pm).

English Chamber Orchestra and Tallis Chamber Choir conducted by Yehudi Menuhin with soloists including Martyn Hill, tenor and John Shirley-Quirk, bass. Bach B Minor Mass. Barbican Hall (Wed).

London Mozart Players conducted by Tamas Vasary, piano. Mozart. Royal Festival Hall (Wed).

Academy of St. Martin-in-the-Fields directed by Iona Brown violin. Handel, Corelli, Vivaldi and Mozart. Queen Elizabeth Hall (Wed). (928 3191).

London Philharmonic Orchestra conducted by Christoph Eschenbach, piano. Mozart and Bruckner. Royal Festival Hall (Thur).

London Symphony Orchestra conducted by Jane Glover with Imogen Cooper, piano. Beethoven and Mozart. Barbican Hall (Thur).

BRUSSELS

Palais des Beaux Arts (512 40 55): Belgian National Orchestra conducted by Mendi Rodan with Mistislav Rostropovitch, cello. Berlioz, Schumann, Dvorak (Wed).

PARIS

Pierre Amoyal, violin, Florence Millet, piano: Schumann, (6.30pm), Lucia Popp, Soprano, Irwin Gage, piano: Schubert, Schoenberg, Strauss (8.30pm) both Monday TMP-Chatelet (261 19 83).

Daniel Barenboim, piano: Beethoven Sonatas (Mon). Salle Pleyel (561 06 30).

Renato Bruson recital, Craig Sheppard, piano: Gluck, Mozart, Beethoven, Ravel (Mon). Theatre de l'Athenee (742 67 27).

Ensemble Orchestral de Paris conducted by Alain Louvier, Jean-Pierre Wallez, violin, Claude Helffer, piano with Maxime le Forestier: Louvier, Janacek, Nikiprowetzki, Stravinsky (Mon). Theatre du Rond Point (256 70 80).

Bach Evenings: (Mon, Tue, Wed) Jorg Demus, pianoforte (6.30pm). Stuttgart Chamber Orchestra conducted by Karl Münchinger, Jean-Pierre Rampal – flute, Bernard Soustrot, trumpet (8.30pm). Theatre des Champs Elysees (723 47 77).

Ensemble Orchestral de Paris conducted by Sir Charles Mackerras, Christian Creme, violin, Pierre Roullier, flute: Haydn (Thur). Salle Gaveau (563 20 30).

NEW YORK

New York Philharmonic (Avery Fisher): conductor, Raymond Leppard; soprano, Cynthia Clarey; violinist, Carol Webb: All-Handel programme (Tue); conductor, Zubin Mehta; violinist, Ida Haendel: Karel Husa: Concerto for Orchestra (world premiere), Dvorak, Sibelius (Thur). Lincoln Center (874 2424).

Meet the Moderns (Brooklyn Academy of Music). Brooklyn Philharmonic. Conductor, Lukas Foss: Robert Mann, William Bolcom, William Mayer; Center for Contemporary Opera Production: conductor, Richard Marshall: Robin Holloway, Robert Dick, James Sellars, Peter Golub (Thur). 30 Lafayette Av. (718 636 4120).

Carnegie Hall, Alfred Brendel piano recital: Haydn, Schubert, Mozart, Beethoven (Tue); Mainz Chamber Orchestra: conductor Gunter Kehr; pianist, Nina Tichman; Boccherini, Mozart, Bartok, Haydn (Wed). (247 7459).

Mozarteum Players (Metropolitan Museum of Art): pianist, Steven Lubin: All-Mozart programme (Thur). (570 3949).

WASHINGTON

National Symphony (Concert Hall): conductor, Christopher Hogwood; Vivaldi, Handel, Stravinsky, Martinu (Mon, Tue); conductor, Hugh Wolff: violinist, Pinchas Zukerman: Brahms, Bruch, Bartok (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): conductor, Sir Georg Solti; with the Chicago Symphony Chorus, All-Verdi programme (Thur). (435 6122).

NETHERLANDS

Amsterdam Handel Festival. Mon: Lynda Russell and Christopher Royal, Handel in Italy; Engelse Kerk (Begijnhof 48); Tue: Suites for harpsichord performed by Gillian Weir, Waalse Kerk (Walenpleintje, Oude Zijds Achterburgwal); Wed: The Academy of the Begijnhof, Handel in England, Odeon Theatre (Singel 460). (22 90 11).

Amsterdam, Concertgebouw. The Amsterdam Philharmonic conducted by Ken-Ichiro Kobayashi, with Jeremy Menuhin, piano. Beethoven (Mon); Herbert von Karajan with the Berlin Philharmonic. Brahms (Tue); Recital Hall: Wout Oosterkamp, bass-baritone. Schumann, Heppener, Britten (Mon); Tom Krause accompanied by Rudolf Jansen. Richard Strauss, Ravel, Mahler, Sibelius (Tue); Lunchtime piano concert from Arielle Vernède (Wed). (71 83 45).

Utrecht, Muziekcentrum Vredenburg. Cyprien Katsaris, piano. Schubert, Beethoven (Tue); Hubert Soudant conducting the Utrecht Symphony Orchestra, with Ank Mulder, flute, and Ada Brussen, harp. Mozart, Handel (Wed); Recital Hall: Wiktor Liberman and Mieke Biesta, violins, Nobuko Imai, viola, Marien van Staalen and Harro Ruysenaars, cellos. Quintets by Schubert and Brahms (Tue); The Asko Ensemble conducted by Oliver Knussen. Knussen, Carter (Thur). (31 45 44).

The Hague. Diligentia. Chamber ensemble of the Hague Philharmonic. Fontana, Bach, Mozart, Szymanovski, Hindemith, Klebe (Wed). (46 43 06).

Rotterdam, De Doelen. Soloists from Bratislava conducted by Jack Martin Händler, with Karine Georgian, cello. Handel, Haydn, Bach (Tue); Recital Hall: The Amsterdam Guitar Trio with the six Brandenburg concertos (Mon); Juan Martin, guitar. Martin (Thur). (14 29 11).

VIENNA

Andre Previn, piano, wind instrument musicians from the Vienna Philharmonic Orchestra: Poulenc, Beethoven, Myslivecek and Dvorak. Konzerthaus Mozart Saal. (Tue).

Vienna Symphony Orchestra conducted by Zdenek Macal. Smetana. Musikverein. (Wed and Thur).

John Williams, guitar: Bach, Sor, Rodrigo, Villa-Lobos. Konzerthaus Mozart Saal. (Thur)

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Monday April 22 1985

The IMF as referee

SURVEILLANCE by the International Monetary Fund is in vogue again. Mr James Baker, the U.S. Treasury Secretary, spoke up for it in Paris 10 days ago. The IMF interim committee talked about it earnestly in Washington last week. A study by the Group of Ten of the international monetary system will have a lot to say about it when published in May. The Americans may even seek to make it a major theme of an international monetary conference in the autumn.

The word surveillance embraces all types of contact between the fund and its membership whether or not they involve exchange rates. The present fashion concerns an aspect of the fund's activities which dwindled away once floating exchange rates replaced the Bretton Woods regime in 1973. This was the job of co-ordinating national economic policies with a view to preserving an orderly and stable exchange rate system.

The articles of agreement of the fund, dating from 1978, impose obligations upon IMF members to collaborate with the IMF and other members to promote such orderliness and stability. The co-ordinating motions are still gone through but in practice these obligations are ignored or have been "re-interpreted." Until very recently exchange rates have been regarded as a residual of different national policies all seeking non-inflationary growth in their own way. And there have been clear differences of view between the U.S. and the Europeans about the root cause of the aberration in the dollar's real effective exchange rate.

Convictions

The sine qua non of putting the teeth back into the IMF's exchange rate surveillance is that the players start to obey the referee and give his necessarily imperfect decisions the benefit of the doubt. There are glimmerings of hope that attitudes are changing in this matter. Governments are growing weary with exchange rate gyrations. Gravity is catching up with the U.S. external deficit and forcing the U.S. to rethink its benign neglect towards the dollar. But so far there has been much more talk than action and there is still plenty of scope for deadlock between the convictions in Europe and in the IMF about the wrongness of U.S. fiscal policies and the conviction in the U.S. that the real problem is European hindrances to labour mobility, trade capital flows and so forth.

There are one or two changes in the workings of surveillance which might stiffen the backs of governments to compromise a little more in the quest for more realistic exchange rates.

Surveillance tends at the moment to take place through a one-to-one discussion between a government and the fund; for the purposes of exchange rate management there needs to be more IMF group therapy so that the inconsistency of national economic policies can be pointed out and tackled. Obviously such "multilateral surveillance" need only involve the Group of Five or Ten largest countries.

Next there needs to be a variety of trigger mechanisms to make such group discussions, or special discussions between the fund and one particular member, take place. The key indicator here must be movements in real effective exchange rates, but other criteria such as inflation rates or domestic credit expansion might be selected to sound the alarm as well.

Finally there is the question whether the fund should be more public in the conclusions it reaches as a result of its efforts in surveillance. Obviously such a prospect might jeopardise the frankness of the exchange of views between fund and member countries. But equally, in a world where exchange rates are dominated by markets rather than by governments, the IMF is missing a trick if it does not seek to affect the markets with its conclusions.

So, on balance, the fund needs to be a little more adventurous in what it says about the exchange rate aspects of surveillance just as it has already become more forthright in presenting its conclusions in the report on the world economic outlook.

Whether a new international monetary conference is needed to enshrine such changes in approach to surveillance must remain open to doubt. There is more to the international monetary system than exchange rate surveillance and it is possible, but improbable, that the Group of Ten study will advocate a radically new approach. But, if the upshot is only the sort of changes outlined here, the existing forums will be more than adequate to decide upon them. In the end it will not be a meeting that makes surveillance work. It will be the uncomfortable pressure of events making the required spirit of compromise politically palatable.

Competition in conveyancing

CONSUMER organisations fear the Government may renege in its commitment to secure maximum competition in the home conveyancing business. In December 1983, it proposed to stimulate competition in three ways: by encouraging competition between private solicitors; by allowing licensed non-solicitors to become conveyancers; and by enabling solicitors employed by building societies and banks (or the institutions themselves) to enter the market.

There has been progress on the first two fronts. The Law Society has finally recognised the need for change. Competition between firms of solicitors has increased. Coupled with the introduction of advertising, more computerisation and the streamlining of procedures, this has brought down conveyancing costs by about 30 per cent. In addition, the Administration of Justice Bill includes provisions to allow licensed non-solicitors to compete in the conveyancing market.

So far, however, there has been no progress on the third front. Solicitors are still safe from the competition they really fear: there is still no prospect of banks and building societies offering conveyancing services. To make this possible, the Solicitors' Practice Rules (which prevent them sharing fees with non-solicitors) would have to be amended—by legislation if the Law Society opposed a voluntary reform. In addition, building societies' legislation would need to be altered.

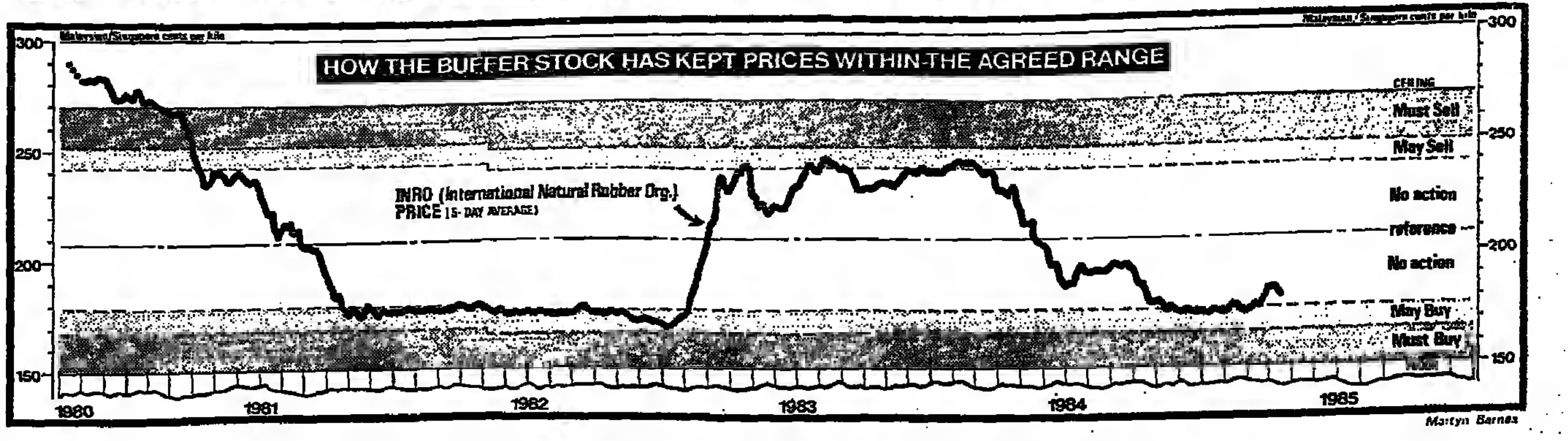
Why is the Government still reluctant to allow banks and building societies to offer conveyancing services? The official answer is that conflicts of interest created when a solicitor employed by a bank or building society also acts for a borrower are proving more intractable than expected. The Law Society, responding to a consultative paper from the Lord Chancellor's Department, is making capital of the potential dangers which it claims are so overwhelming that the Government must not proceed with this liberalisation.

The Consumers' Association argues that the Law Society greatly overstates the dangers. In most aspects of house transfer, the interests of purchaser and supplier of finance coincide: both for example, are anxious to obtain a proper legal title on the property. But a genuine conflict could arise over the terms of the mortgage where the interests of borrower and lender are directly opposed.

The fact that few solicitors currently proffer advice on the financial aspects of house purchase is no argument for creating a climate where few conveyancers, because employed by lending institutions, would have an incentive to do so. A mortgage supplier ought to be required to draw a borrower's attention to the advantages of independent financial advice. But a desirable provision of this sort would still be consistent with financial institutions gaining the right to offer conveyancing services.

Conflicts of interest may not be the Lord Chancellor's main worry. What would happen to the nation's 7,500 small firms of solicitors if the big banks and building societies were able to offer in-house conveyancing? Since the mortgage supplier is the first port-of-call for the prospective home buyer (who is unlikely to be much concerned by talk of conflicts of interest), the odds must be that the financial institutions could, if they chose, poach much of the solicitors' business.

Every effort should be made to increase the still-restrained competition between solicitors. There are still excessive restrictions on professional advertising and on entrepreneurial solicitors. But when big financial institutions are taking on a bewildering variety of new roles—from stockbroker to estate agent—and conflicts of interest are inevitably multiplying, this may not be the moment to grant them access to a lucrative new market. The Law Society's fear that 7,500 small firms of solicitors could be replaced by a cartel of 15 or so big lending institutions is exaggerated. But the benefits of more competition in the short run need to be weighed against the prospect of greater industrial concentration in the long term.



Martyn Barnes

INTERNATIONAL RUBBER AGREEMENT

Up a gum-tree in Geneva

By John Edwards, Commodities Editor

A BITTER battle seems almost inevitable as delegates from countries all over the world gather in Geneva today to start negotiating a new international natural rubber agreement.

They will be talking about one particular commodity. But at stake may well be the future of all the international commodity agreements which seek to control raw material prices by co-operation between the leading producing and consuming countries.

The natural rubber pact, which came into force in 1980 and is due to expire in October this year, is widely viewed as a model of its kind—the most acceptable to both producers and consumers.

It is the only pact where such diverse interests as China, the Soviet Union, the U.S. and the European Community are all members of the consuming side, ranged against a tightly knit group of producers concentrated primarily in South-East Asia.

The Americans, who traditionally argue that commodity agreements distort free market forces, have been enthusiastic supporters of the natural rubber pact because it contains no supply constraints. Instead, it relies solely on a buffer stock mechanism to try to keep prices within an agreed "floor" and "ceiling" range.

Under a somewhat complicated arrangement administered from Malaysia the buffer stock managers buy up surplus supplies when the market moves below specified trigger prices and sell holdings if prices move above certain levels.

The pact also provided for the agreed price range to be automatically adjusted upwards, and downwards, in accordance with the underlying market trend.

In fact, the semi-automatic cut of 5 per cent in the price range due under the provision was reduced—following pressure from the producing countries—to a notional 1 per cent cut. But the principle was maintained: that the agreement's price range does respond to fundamental market trends.

Even though the buffer stock during the course of the agreement has only been a buyer, acquiring some 270,000 tonnes of surplus rubber at a cost of nearly $3bn, consuming countries generally feel it has performed reasonably well in stabilising prices. They argue that the possibility that the buffer stock *might* sell its surplus holdings prevented natural rubber prices rising to much higher levels during the second half of 1983 and early 1984. Equally buffer stock buying in 1981-82 stopped prices collapsing through the "floor."

Ironically it is the producers, who would normally be expected to benefit from a price stabilisation arrangement, who are pressing for changes. Their main argument, which is likely to be the central point of dispute at the Geneva talks, is that the price range should be raised substantially. They claim that since 1978, when the original price range was negotiated, production costs have risen substantially. No concrete proposals have been made but producers have been talking about raising the "floor" of the range from its present level of 166 Malaysian/Singapore cents a kilo to around 210 cents—the estimated break-even.

The consumers riposte that no increase at all in the range is needed. Market prices, they say, have remained well within the range, with the buffer stock having to take up the surplus. It would be impractical, and dangerous, to base the price range on costs of production, since these vary widely from country to country and indeed from grower to grower.

Higher prices would also force the buffer stock, already under strain, to take a lot more surplus supply off the market at heavy cost.

From the consumers' point of view the point of the agreement is to stabilise prices round a fundamental trend, not to try to distort the market artificially. In theory, at least, the automatic adjustments in the price range should be sufficient to reflect the availability of supplies and, therefore, the cost of production.

The producers reject this as a short-term view that cannot be applied to a commodity with a long-term cycle: rubber trees take five to seven years from planting before they start to produce (for a period of over 20 years). Failure to raise the price range to a "reasonable" level, they warn, will jeopardise another main objective of the agreement — to ensure an adequate flow of supplies of natural rubber.

There is no doubt that producers are under pressure. In the late 1970s natural rubber producing countries were encouraged to boost output by misplaced forecasts, notably by the World Bank, that there would be an acute shortage of natural rubber in the second half of the 1980s unless plantings were increased.

Indonesia, the world's second biggest natural rubber producer after Malaysia, is still going ahead with plans to expand output substantially.

Malaysia, which is a high-cost producer these days, has started to lose interest in rubber in favour of other crops, such as palm oil and cocoa. This is dramatically illustrated by the fact that rubber now only accounts for some 10 per cent of Malaysia's total export earnings, whereas in 1970 it was by far the most important with 60 per cent. Other rubber producing countries may well be tempted to follow Malaysia's example if demand for rubber fails to live up to earlier expectations.

The advent of the radical tyre, which uses a higher proportion of natural rubber than cross-ply tyres has helped shift the balance of demand away from synthetic rubber, but this is little consolation to the producers. Radial tyres also last longer, so the net amount of rubber used by the tyre industry may in fact be reduced rather than increased.

Rubber demand last year, spurred by strong U.S. auto sales, was good. But natural rubber prices still weakened as a result of a very mild "wintering period" in the main producing countries in South-East Asia.

This meant there were more supplies available than expected and prices came under heavy pressure in the second half of the year. An early wintering period this year, followed by heavy rains, has cut back supplies and helped prices to recover.

So producers feel the buffer stock mechanism should be backed up by some form of supply restraint, such as export quotas, to help control market prices.

Any move to introduce supply restrictions would be anathema to the U.S., which is already highly suspicious of the activities of the Association of Natural Rubber Producers, the producers' only organisation.

It is widely believed that the governments of leading producing countries decided among themselves in 1982 to discourage output, and encourage growers to withhold supplies unilaterally as a concerted effort to reverse the slide in prices. If so, this would make the agreement something of a farce, since it is designed to control the market by buffer stock purchases and sales only.

The producing countries say that if there was any reduction, or withholding, of supplies it was organised by the private sector of the industry, over which they have no direct control. They say that if consumers want producers to maintain an adequate level of supply they should also offer demand guarantees.

Consumers say these changes would benefit producers, and weaken the price adjustment arrangement by politicising the whole process, instead of making it semi-automatic.

It is already obvious that the differences between the producing and consuming sides are too deep and complex to be settled in the two weeks (with a possible extension for a third week) in Geneva. The negotiations are almost certain to be adjourned to a later date. But time is running short, with the pact due to expire in October.

At a meeting of the International Rubber Organisation Council earlier this month, producing countries unexpectedly refused to agree to a two-year extension of the pact, from October 1985 to 1987. This was seen as a tactical ploy not to commit themselves before the Geneva negotiations. The Council is due to meet again in June, but if feelings run too high at Geneva, producers may decide the agreement is not worth preserving at all.

This would be a severe blow to the United Nations Conference on Trade and Development, whose integrated programme aimed at seeking agreements for key commodities important to the Third World, was supposed to herald a new economic order in ensuring developing countries received stable prices for their raw materials.

Consuming countries, although conscious of the political implications and the importance of maintaining the North-South dialogue, have also become increasingly doubtful about the value of commodity pacts.

As one U.S. trade official put it: "Commodity agreements are becoming useless dinosaurs. They don't work and are all in trouble."

A potential compromise is to go for agreements without measures to control prices and supplies. This removes the main source of disagreement between producers and consumers and allows member countries to concentrate on collating market information, highlighting trends and anticipating supply shortages and surpluses.

Such agreements, however, are not likely to be sufficient to meet the aspirations of developing countries, who feel they are forced to sell their raw materials at depressed prices to powerful consumer interests. The gulf between the two sides is likely to widen if the natural rubber pact founders in a spirit of acrimony.

THE OTHER COMMODITY PACTS

● The International Sugar Agreement collapsed last year and has been replaced this year by a toothless pact without any price or supply provisions. It is now merely a centre for collecting statistics and market information.

● The International Cocoa Agreement is due to expire finally in October next year. Negotiations for a new pact failed for the third time earlier this year. Although there are hopes for progress at talks later this year, the U.S.—the biggest consumer—has definitely decided to continue staying out. Meanwhile the existing cocoa pact has little influence on the market. Its buffer stock has run out of money, buying over 100,000 tonnes of surplus cocoa worth $2.2bn at current prices), which it is not allowed to dispose of until prices reach much higher levels. Market prices remain below the supposed "floor" of the agreement.

● The International Tin Agreement survives by the skin of its teeth. The buffer stock is controlling the market, and recently managed to lift the price just above the agreement's floor. However it has accumulated holdings of over 38,000 tonnes of tin, plus another 23,000 tonnes carried over from the previous pact, making a total stock of 61,000 tonnes. This is worth $7.8bn and represents around four months' supply. It is likely to be a depressing influence on the market for many years to come. In addition, the six producing members of the agreement have been subject to stringent export controls for over 2½ years, forcing them to cut output drastically.

● The International Coffee Agreement, which uses export quotas linked to trigger price levels, effectively controls the market. Indeed, prices in member countries are some 50 per cent above those in non-member countries. However, there is growing resentment that the quotas are too rigid, in not being freely transferable among producing countries, so that prices of some types of coffee are being maintained at artificially high levels. European consumers, who have borne the brunt of higher dollar prices, are particularly incensed. The U.S., in spite of its objection to supply restraints, remains a stalwart member of the coffee agreement, presumably for political reasons with Latin American countries producing the bulk of the world's coffee.

● The International Wheat Agreement has no price or supply measures. It is simply a forum so that grain producers can get together to exchange information about supply prospects and market trends.

Men and Matters

When gentlemen fall out

Fred Hartley, the 68-year-old chairman of Unocal, is proving a worthy opponent for T. Boone Pickens, the grand master of the takeover game.

Hartley's tactics in rejecting Pickens' bid for the Californian oil company are just as aggressive as the assault itself—nothing less than a counter proposal that would load the ensuing company with so much debt that Pickens will need all his nerve to take it on.

Wall Stret has unequivocally given Hartley the latest round fought. But that is not Hartley's only victory so far. In the verbal contest, where Pickens usually excels, the older man has also been scoring effectively.

Hartley's style is not particularly delicate. To put it plainly, he is downright abusive. Indeed, rather like Pickens himself. Hartley also has a nice line in moral superiority—another trait which he seems to have borrowed straight out of the Pickens rule book.

When the two were brought together at a Washington hearing recently Hartley refused to shake hands protesting to Congressmen that Pickens' "speculative binge must eventually collapse, leaving wreckage of ruined companies, lost jobs, and reduced U.S. oil production."

Pickens responded by asking pointed questions about a corporate piano in a Unocal jet, used, as he put it with a nod towards Hartley, by "The guy in the back."

Nothing annoys Hartley more than Pickens' assertions about U.S. management's addiction to fishing lodges and hunting camps. Hartley started as an oil worker in overalls and went up the corporate tree the hard way. It has left him with a profound contempt for financial raiders. Raiding, he said recently was "just another way of making a lot of money without working." He describes Pickens as "someone who never completed a deal," and was "probably inhibited as a kid because he couldn't get the toys he wanted."

Pickens for his part refers disparagingly to "Ole Hartley"—a pointed reference, as the Unocal chairman has done little about the succession at the company in spite of his advancing years. When asked when he will retire his standard response is true to character. "None of your dam business."

Air waves

Eyebrows are being raised in the ranks of the Green ecology movement in Britain about electoral prospects in the National Society for Clean Air.

The society, one of Britain's oldest environmental interest groups, has always been science-oriented and stoutly non-political.

But that could change under pressure from the Greens now that Sir Walter Marshall, chairman of the Central Electricity Generating Board, has been nominated for election as new honorary president of the society in October.

The choice strikes some of the environmentalists as strange given Marshall's position at the centre of the controversy over acid rain. Nevertheless, he has informally agreed to stand and seems likely to be elected.

Britain is western Europe's largest emitter of sulphurous fumes, which some believe to be partly responsible for acid rain damage to west German forests and Scandinavian lakes.

The Society for Clean Air has publicly advocated measures to clean up emissions. Marshall is implacably opposed to an expensive programme charged to British electricity users and the taxpayer, while research on the acid rain question is still woefully incomplete.

The society, which boasts a wide variety of members including the CEGB, is preserving a proper scientific detachment about the apparent ironies involved. "The kindest description of us would be that we're a broad church," says an official.

Lord Ezra was president four years ago when (as Sir Derek) he was chairman of the Coal Board.

Still running

I would like to tell you how the three veteran London bankers I mentioned last week got on in the 26 miles 385 yards London Marathon.

But technology has stifled human effort. The race computer itself failed to complete the course last night while trying to record the performances of 17,500 runners, and confined its information to the first 1,000 finishers with times substantially below three hours for the course.

They did not include Oliver Stocken, aged 43, of Barclay's Merchant Bank, David Walker, aged 46, of the Bank of England, or Jan Hildreth, aged 52, of Minster Trust.

Steve Jones, a Welshman, won in 2 hours 8 minutes, 16 seconds.

"What's the excuse this morning?"

Prior notice

Nicholas Edwards, the Welsh Secretary of State, caused some bemusement among his audience of conservatives in Pembroke at the weekend when he made a handsome apology for comments about GEC he had made to Cardiff Business Club last month.

But, of course, this was not a matter primarily for Welsh conservatives.

A very senior conservative figure, former cabinet minister James Prior, now chairman of GEC, had been having a word in Edwards' ear.

"Jim firmly represented GEC's views about my remarks to me," Edwards told me last night. "The company felt my comments were unfair — or could be interpreted as unfair."

"I have no quarrel with GEC and said I was perfectly prepared to put the record straight."

GEC was upset by Edwards' suggestion that the company was more concerned with proving itself a successful financial institution than risking its resources in research and development.

Since then GEC has announced a new top management structure including a financial arm to invest some of the group's £1.5bn liquid funds. Reflecting upon which Edwards says "I welcome GEC's substantial management changes, which show they want to make fuller and more efficient use of their management resources."

Observer

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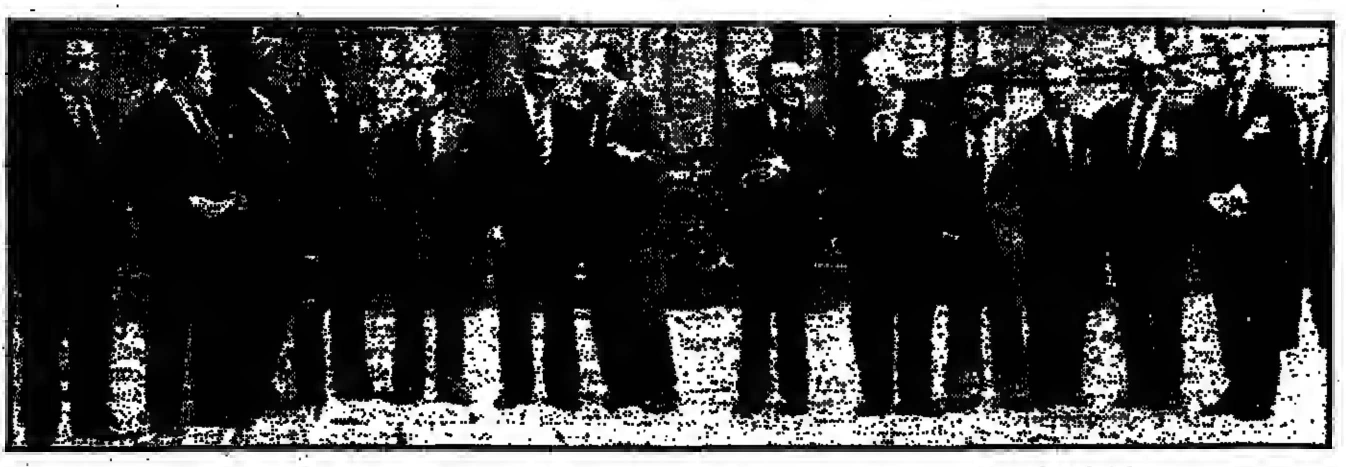
FOREIGN AFFAIRS

Europe's 'star wars' quandary

By Ian Davidson



The last ministerial meeting of the seven-nation Western European Union, in Rome last October

THE MINISTERIAL meeting of the Western European Union which takes place in Bonn today and tomorrow, should prove a peculiarly interesting test of the governments' seriousness in relaunching this seven-nation defence organisation. That test will revolve around their discussion of a European response to President Reagan's "star wars" Strategic Defence Initiative.

When the foreign and defence ministers held their first joint meeting in Rome six months ago, it was in response to a general sense that it was time for Europe to seek a more concerted view of European defence and security interests. But there was little precise agreement, and even rather few ideas, on what the relaunched organisation would do in concrete terms, apart perhaps from giving a stronger political impetus to European collaboration in arms procurement.

What has changed in the past six months is that the U.S. Administration has given much greater salience to its Strategic Defence Initiative, both as a research project and as the under-pinning for the search for a new nuclear doctrine based much more heavily than in the past on anti-missile defences. This placed the European governments in an embarrassing bind. On the one hand, they felt the greatest uneasiness about President Reagan's quest for a hi-tech, space-based defensive strategy; on the other, they were anxious not to upset the administration by giving the appearance of ganging up against the Americans over SDI.

Even now, they show the greatest reluctance to admit that SDI will be formally on the agenda at today's meeting. But two things have happened which make that inevitable, even if SDI is discreetly reserved for tonight's working dinner.

The first was the speech by Sir Geoffrey Howe, the British Foreign Secretary, a month ago, in which he explicitly criticised, if only in the form of questions, the strategic coherence of President Reagan's "star wars" quest. This speech caused irritation in Washington, but relief in Europe: the taboo had been exorcised by America's closest ally, and the only question was how the Euro-American debate on the strategic ramifications of SDI would evolve, and in what forum.

The second event was the peremptory summons by Mr Caspar Weinberger, U.S. Defence Secretary, to the governments of European Nato (plus some others) to declare whether their countries were interested in taking part in the research programme of the Strategic Defence Initiative. Although the U.S. wants to keep the whip hand by framing the summons as a series of bilateral invitations, the European dilemma is bound to be on the menu in Bonn tonight.

Characteristically, the German *Government* has jumped the gun in an attempt to have it both ways. Last week, Chancellor Kohl declared his enthusiastic support for the research component of the Strategic Defence Initiative, and told the Bundestag that his Government would be sending a team to the U.S. to discuss the terms and conditions on which *German* industry could participate in the research. But at the same time he said that Germany wanted a joint European approach to SDI, with particular emphasis on consultations with Britain, France and Italy. By this twin-track approach, no doubt Dr Kohl hoped to gratify both his American allies and his European partners.

Part of the reason for Chancellor Kohl's precipitation may be that the German Foreign Ministry has become increasingly concerned at the industrial and technological implications of the SDI research programme. U.S. publicly-funded research and development is already large by European standards, with the Pentagon alone scheduled to spend $40bn in fiscal 1985-86, and the totals have been rising dramatically in recent years.

There may be the greatest double whether this research effort, in which SDI is due to get a rapidly rising share in the coming years, will produce a leak-proof defence against Soviet missiles, or anything like it. But there is serious anxiety in the German Foreign Ministry that it could translate into a widening of the technological gap between America and Europe.

According to this view, it is no longer possible to talk of the civilian spin-off from military technology, let alone deride the meagreness of that spin-off, as in the case of non-stick frying pans. The U.S. Apollo programme, which was launched in response to the Soviet Sputnik satellite, is said to have resulted in the dominance of the U.S. computer industry. That syndrome is likely to be even stronger today, where much of the technology required for SDI has immediate civilian applications: computing power and speed, telecommunications, information processing, optics, lasers and sensors.

Indeed, it is widely held that dual-purpose technology is already advancing much faster than purely military technology, and that a big expansion of public R & D can only accelerate the process. In what may be pardonable hyperbole, some people in the German Foreign Ministry fear that, through SDI, the U.S. could acquire in the 21st century a technical hegemony over the rest of the world, including western Europe.

A clear echo of this line of thinking is to be found in the recent proposal by the European Commission that Community spending on R and D should be doubled from 3 to 6 per cent of the budget, with an explicit option for European participation in SDI; and again in last week's announcement by the French Government of proposals for a wide-ranging European hi-tech research programme, which it intends to raise at today's WEU meeting.

The German Foreign Ministry's fears of an American technological hegemony may be over-stated: they are apparently not shared in the rest of the German Government, let alone by German industry. But even if they are well-founded, it is far from obvious that Chancellor Kohl's decision to head off the danger by joining the SDI programme is the right response.

He argues that European participation will give European governments a bigger influence over the use to which the research will eventually be put, and claims that his Government will insist that technology transfer must be a two-way street. On both fronts he must be engaged in sheer wishful thinking.

The Americans are not asking for European funding for SDI—just for a detailed catalogue of European industrial expertise. European governments may have influence as allies, or as independent governments, but they cannot hope to be shareholders in SDI Inc.—nor should they wish to be. The German Government may try to make a clear distinction between research and deployment, as does Mrs Thatcher, for reasons of alliance solidarity: research is absolutely fine, because it cannot effectively be banned, but deployment is another kettle of fish. But once European governments start getting dragged into SDI research, there is no question but that they will be publicly tarred with the brush of the larger strategic purposes of the SDI advocates. That may not seem a problem today, but just wait until the research starts producing testable results, however meagre.

Secondly, there is no way SDI research can be a two-way street, unless the European governments sign up for the whole strategic bag of tricks unconditionally in advance. Even then, it is doubtful. Right now, the Americans are making the most frightful difficulties about the transfer of technology to their European allies. Anything produced by SDI research will be classified Cosmic Top Secret (or whatever the jargon), and any European company participating will be hog-tied to the Pentagon.

On the other hand, simply to ignore the possible impact of SDI research is not a sensible policy, either. If European companies have necessary expertise in particular areas, they will be approached by the Americans regardless, or their key technologists and scientists will be lured away to U.S. laboratories. In time, as the gulf widens between what can be plausibly promised and what it will cost, there may be disenchantment in America with SDI. But until then, say over five years, there may have been a substantial brain-drain to America, thus reinforcing the plausibility of an unbridgeable technology gap.

This places the European governments in a three-way quandary. To climb on the SDI bandwagon is to risk strategic contamination, with little prospect of positive feedback for European industry—that, after all, is the essence of the U.S. invitation; to do nothing is to deny the problem; a rival European programme of research can only run into stiff resistance from parsimonious finance ministers in Germany and Britain.

For the seven WEU governments it must be more sensible to mark a clear distinction between these two problems, and to tackle them in different ways. The strategic anxieties outlined by Sir Geoffrey Howe cannot be satisfactorily dealt with by signing up with SDI research, and must therefore be handled directly. The Europeans cannot predict the results of the research, nor can they pre-empt the decisions of some future President. But they may be able to confine those decisions in some degree, and make a constructive contribution to the Geneva arms talks, if they can propose improvements in the 1972 Anti-Ballistic Missile Treaty.

That treaty severely constrained ABM deployments by the two superpowers, and banned development and testing of new systems. The long-range objective of the Reagan administration is to discard these restraints. But in the meantime, the Geneva talks might be helped if the wording of the ABM limitations could be tightened up. That would be a useful task for Western European Union to study, even if the Americans don't care for the idea.

Lombard

Gainers from U.S. deficit

By Samuel Brittan

THE U.S. current account deficit may well have further to go before it reaches its maximum.

The slowdown in U.S. growth will indeed have a pretty quick effect. But other influences will take longer to act.

Even after its recent fall, the dollar is still probably at a level which will generate large trade deficits when the U.S. is growing at a normal rate. The trade deficit mainly reflects the exchange rate of the first half of 1984 when the dollar was below DM 3 but still regarded as "high."

Even if the dollar falls by the further 20 per cent or so which the U.S. authorities regard as reasonable, it will still take a couple of years before the full effects are felt on trade. Moreover the current account deficit can go on rising even when the trade deficit shrinks because of growing interest rate payments on overseas debt.

Nevertheless, with some underlying forces moving towards correction, it is a good time to see which overseas producers have gained most from the U.S. trade deficit.

An examination by Brian Reading of the $82bn rise in the U.S. trade deficit (at annualised rates between the third quarters of 1982 and 1984) to see which producers gained most is therefore timely. (International Advisory Associates' Monthly Monitor, 34, Ludgate Hill, London EC4N 7JT.)

At first sight the result seems to confirm expectations. Some $42bn, or half the rest of the world's improvement in its trade balance went to Pacific countries: Japan, Australia and South-east Asia. The EEC balance gained by less than $20bn. Looked at from the U.S. point of view 50 per cent of its trade deterioration was incurred with the Pacific countries and barely more than 20 per cent with the EEC.

The results, however, are deceptive as each group, except the Pacific, contained one "odd man out." In the EEC it was Britain whose trade balance with the U.S. actually deteriorated. This partly reflected the over-valuation of sterling in the early part of the period and partly the miners' strike of 1984.

The Opec odd man out was Nigeria, because of political problems. Mexico was the odd man out among the debtors, as it was a major oil producer.

Adjusted for these odd members is no longer true that the Pacific countries out-perform all the others. The increase in exports to the U.S. was just as great for the EEC minus the UK as it was for the Pacific countries. The latter actually increased their imports from the U.S., while EEC imports shrank. The divergent behaviour of the debtor and Opec countries reflects the fall in both the volume and dollar price of U.S. imports of food and raw materials.

Even Japan's performance was not exceptional, taking exports and imports together. It started off with a large surplus against the U.S., whose main trading partner it is. The surplus became even larger when the U.S. overall trade gap widened under the impact of domestic expansion and dollar appreciation.

Mr Reading rightly argues that U.S. retaliation against Japanese goods would not reduce the Japanese trade surplus, as its main effect would be to cause the Yen to depreciate.

But he is wrong to say that Japan must save less. Japan has a perfect right to run a large savings and trade surplus and invest the proceeds abroad.

The main good neighbourly demand is that that investment should be either direct or by purchases of securities, rather than take the form of piling up reserves and banking claims.

Even that demand depends for its justification on rigidities in the rest of the world's wage-price behaviour and unwillingness of non-Japanese monetary authorities to take compensating action.

In any case, the issue is hypothetical, as Japan's foreign exchange reserves have been remarkably stable for a good many years.

TRADE WITH THE U.S.

Third quarter 1982 to third quarter 1984

	% increase in exports to the U.S.	% increase in imports from the U.S.
Pacific	60.9	10.2
EEC Nine	60.8	−4.5
Debtor Nine	62.9	−25.0
Opec Nine	−16.2	−36.8

Letters to the Editor

Ecu and technical problems

From the President, EIB Associates.

Sir, — Mr Eggers' (April 16) response to my letter concerning the private use of the Ecu is well reasoned as far as it goes. To be sure there are technical problems to be overcome before the Ecu can serve as a de jure supranational currency — elimination of exchange controls (France and Italy), fuller participation of Britain in the European monetary system, greater integration of the economies of member states, an official clearing system, etc. and the Bundesbank has a right to be cautious. But this does not preclude de facto the use of the Ecu in the private sector. It is the Deutsche Bundesbank that presents the greatest obstacle to expansion by its refusal to allow West German residents to hold assets in the Ecu. One way to broaden appeal for the Ecu would be to open up the market to West German investors.

I do not follow his argument about positions held in Ecu inevitably leading to open positions in one or several of the basket currencies. If Mr Eggers fully understood the nature of the basket he would know that any position in a particular currency would be offset by equal, counter positions in the basket's other currencies, which he would not mind having on his books. His statement is not confirmed by many forex dealers I have queried.

I think Mr Eggers missed the point of my letter which was a critique of the original article by Mr Nölling of the Bundesbank; hence my specific reference to Germany as one of the obstacles to expanded use of the Ecu.

I believe that the creation of a transnational association of securities dealers trading in Ecu denominated equities would not only provide more liquidity in the capital markets of Europe, thereby attracting more investment in European innovation and enterprises by providing exit facilities for such investments, but would also help further European political integration by pragmatic means.

Eugene Schulman,
29, Coulouvreniere,
1204, Geneva.

Markets in the skies

From the Manager, Public Affairs, Singapore Airlines

Sir, — While we share the view of Mr A. J. Lucking (April 2) that market forces should be allowed greater play in commercial aviation, his assumption that "eastern" airlines will drive western airlines into "bankruptcy" because of alleged lower labour costs in Asia, is unjustified. Labour costs in Singapore Airlines are nearer 20 per cent of total operating costs than 11.7 per cent as Mr Lucking alleges.

If the proportion is 27.6 per cent in BA, the difference must be accounted for by lower productivity. SIA's wage cost works out to US$20,000 a year for each employee. BA's is probably less. Certainly we have no problem attracting BA pilots at our salaries.

If low wage rates were the determining factor in airline competition, BA and SIA would be smothered by the hundred-odd airlines whose wage rates trail those two airlines. It is not wage rates per se that are the determining factor; productivity is crucial.

Even unit labour costs and productivity are not the only determinants of airline competitiveness. As in nearly every other sector of the economy, a multitude of other environmental and internal factors demand recognition.

Some Asian airlines may have the upper hand now. That situation will probably not last for ever. For the consumer to enjoy the best deal, there is no alternative to greater freedom in the regulatory system and marketplace.

Sim Kay Wee.
25 Airline Road,
Singapore 1781

The crisis in Africa

From Mr L. de Silva

Sir,—In two articles (April 3 and 15) Mr Anatole Kaletsky provided us, as usual, with several interesting perceptions, this time on the African crisis. At the end, he speaks of the errors of the 1970s which "did not arise by accident—they were reflections of powerful vested interests and political forces in both the African and the Western countries." He does not elaborate, and refers to commercial interests and tying of aid to purchase of capital equipment.

In the context of sub-Saharan Africa, there is one particular aspect of aid commercialisation which is most worrying, and detrimental to the people of the region, and which would inevitably lead them to another disaster in the 1990s. I refer to the use of development aid for the promotion of not all export crops but the traditional tropical beverages of cocoa, coffee and tea and a few other crops even in small volumes right through Africa. These commodities face uncertain price prospects, and any further expansion would lead to serious declines in prices and in total earnings not only for Africa but for all developing countries. The World Bank advocates expansion of these crops not only in Africa, but elsewhere in tropical countries, thus promoting the global glut.

It is indeed a moot question whether development aid used to stimulate export crop production is "aid" or a subsidy for supply expansion to benefit those consuming countries, predominantly in the North, through lower prices. A large proportion of the aid to sub-Saharan Africa under the guise of aid to agriculture is for export crop production. At a time when resources in the form of good agricultural land and capital are both scarce in Africa, it is extremely important to call for a temporary halt, over the next five to 10 years, in the expansion of traditional export crops (this does not preclude rehabilitation of the existing stock) through the use of development aid, and to provide for greater statistical clarity in the uses to which aid is put by making a distinction between food and export crop production within the overall aid component to the agricultural sector.

If demand improves, Africa has the chance once again to expand its traditional export crops in the mid-1990s, having overcome its great vulnerability in the production of its basic staples.

Leelananda de Silva.
Apt. 24,
12 La Levratte,
CH-1260 Nyon, Switzerland.

Dangerous figures

From Mr G. Gardiner

Sir,—Michael Prowse's suggestion (April 15) that it might be better not to have economic statistics published is particularly apt at the moment with regard to the money supply figures, as there is a greater danger than ever of those statistics being misunderstood.

The imposition of composite rate tax on bank interest was intended to make it possible for banks to compete on equal terms with building societies as savings institutions, and there does seem to be a possibility that that object will be achieved. The banks have advertised heavily some attractive rates for higher interest accounts and Midland and Barclays have already reported a good response to their higher rate accounts. It is possible therefore that the statistic will show a slackening of growth of building society deposits, which are not reflected in the money supply figures, and a growth in bank deposits, which are. By no stretch of the most warped monetarist imagination could this development be regarded as having serious economic consequences, as it has always been ridiculous to exclude building society deposits from the money supply, and even more so since the introduction of accounts such as the Abbey National Cheque-Save account. To distinguish between bank accounts and building society accounts for the purpose of analysing the money supply is as silly a piece of academic nonsense as any since the Ptolemaic theory of the solar system.

Yet I have little doubt that the increase we may soon see in bank deposits will set the Treasury and the Bank of England off on a course of economic blood-letting in a desperate attempt to cure an imaginary disease. Can one hope that the Financial Times will be active in leading a campaign to head off any such folly, and will emphasise as strongly as possible that a switch from building societies to banks is not a matter of significance for the money supply?

The Financial Times bears a heavy responsibility in this matter for it was the late Harold Wincott's attacks in the FT on the lunatic fringe of the Keynesian school that prepared the way for the monetarists, and enabled their lunatic fringe to get power.

Geoffrey W. Gardiner.
3, Molly Potts Close,
Knutsford, Cheshire.

Sponsors and the arts

From Sir Roy Shaw

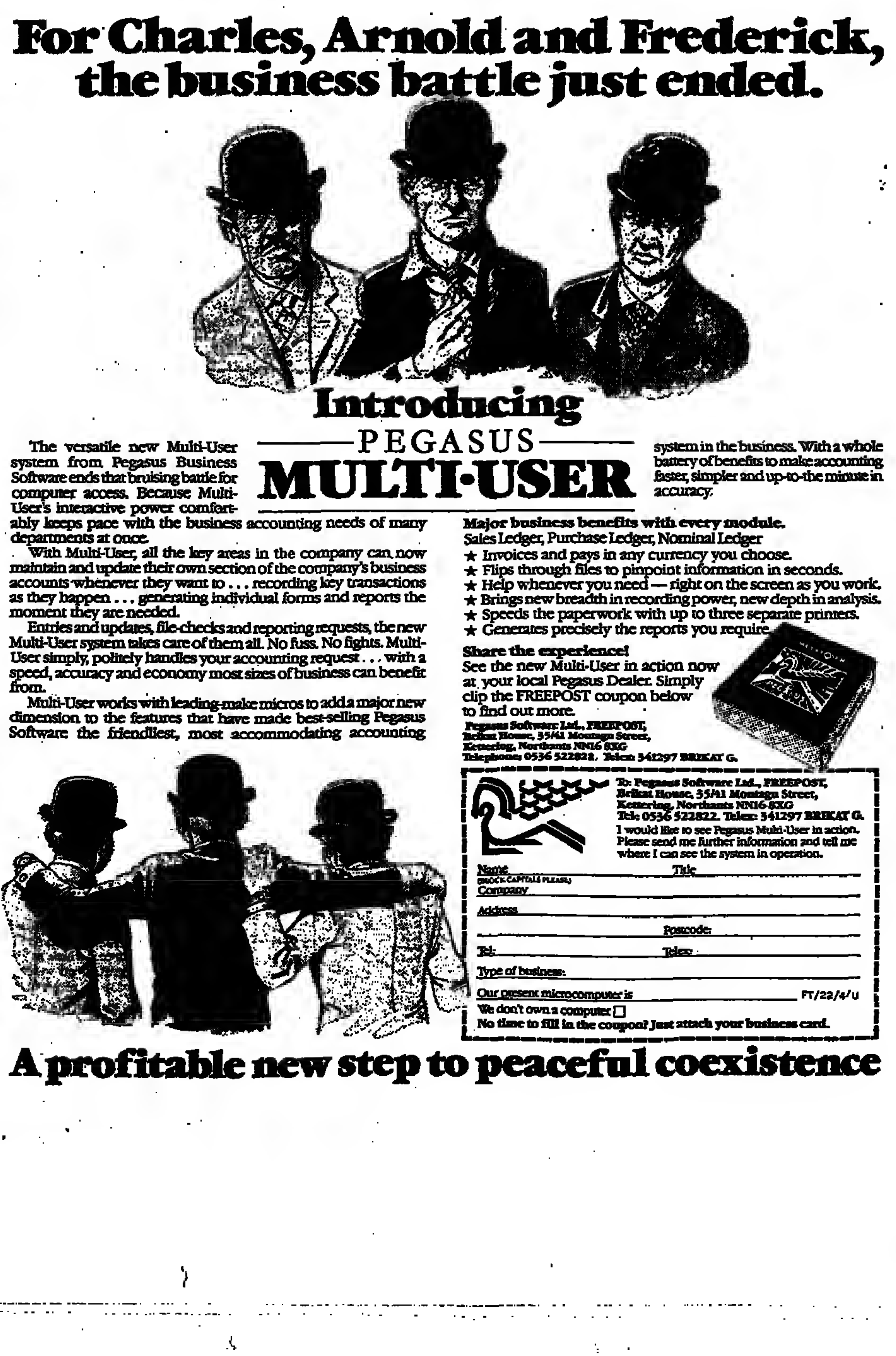
Sir,—My friend Peter Plouviez rightly says (April 11) that in the present economic state of the arts, Equity believes that money should be welcomed "from any legal source."

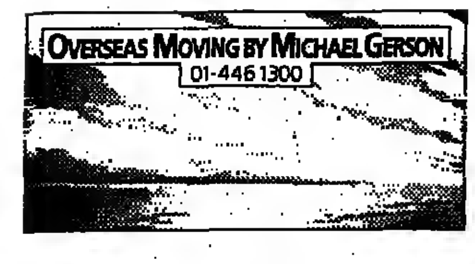
But since doctors and the Government agree that cigarette smoking is the greatest cause of preventable ill-health and premature death, it would seem that tobacco money is not an acceptable moral source.

Many actors who recognise this have set up ACTS—Actors Campaign against Tobacco Sponsorship—to argue that to accept tobacco sponsorship is to use the life-enhancing arts to put a glamorous mask on the unacceptable face of a life-denying trade.

If it had the courage of its own convictions, the Government could easily make tobacco sponsorship unnecessary by a very small increase in the grant to the Arts Council.

(Sir) Roy Shaw,
48 Farrer Road, N8.





FINANCIAL TIMES
Monday April 22 1985

Terry Byland on Wall Street

Clouded view on airlines

IF last week's plunge in rates in the U.S. credit markets does indeed foreshadow a sea change on Wall Street, then several important sectors of the stock market may be in for a reappraisal. The excitement created by Mr Ted Turner's assault on CBS partly masked some nasty falls among industrial stocks, notably in the high-technology sector.

Airline issues also suffered in the general setback although at first glance they seem to deserve better treatment. One reason for the stock market's upset is the perception that the first-quarter reporting season, now at full flood, will bring more shocks of the sort administered last week by Texas Instruments.

The airline results to date have been good, however, especially after allowing for the traditional sluggishness of the industry in the first three months of the year. American Airlines challenged its previous record quarter, TWA cut its losses, and Eastern produced its second best quarter ever.

Nevertheless, with the notable exception of Eastern, whose rating has been upgraded by Dr Julius Maldutis, the Salomon Bros expert on the airline industry, Wall Street remains cool towards the sector's prospects of outdoing the rest of the market over the 12 months.

Stock	Price $	P/E
American	40⅞	15
Delta	41½	7
Eastern	7⅝	8
UAL	41⅝	6
Pan Am	5⅛	N/A

Competitive pressures are still strong in the U.S. domestic carrier market and may be expected to become stronger yet if a slowing economy cuts into business travel. The weakening dollar will also soon be hurting the massive U.S. tourist traffic across the Atlantic.

American's excellent first-quarter earnings reflected an 18 per cent increase in passenger miles stimulated by the airline's substantial fare reductions in January. The yield – revenue per passenger mile – declined by 7 per cent for the quarter.

American and United Airlines are suffering seriously from Pan American's successful incursion into the two big domestic markets – New York–Los Angeles and New York–San Francisco.

The demise of the Civil Aeronautics Board has left a gulf where airline statistics used to be, but the last statistics from the board, for the first half of 1984, display Pan American's strength only too clearly.

Both American and United saw their share of the New York-San Francisco market, already declining throughout 1983, slump badly in 1984. Pan American extended its grip with an increase of 4.4 per cent in the second quarter of last year.

The picture was similar on the New York–Los Angeles route, although there are more carriers involved, and TWA continued to make a good showing.

United is under pressure in another of its main markets, as World Airways and Eastern Air Lines move into the Philadelphia–Los Angeles route. Stock in United has fallen by nearly 9 per cent since the beginning of the month and Wall Street is predicting a fall of as much as 19 per cent in earnings for the full year.

American is finding difficulty in holding on to its stock price despite forecasts from the brokerage community of a 20 per cent gain in profits this year, which appear to have survived the minor dip in the first quarter. However, it seems likely that American will maintain its rating in the market, where it sells on 10 times earnings, compared with 11 times for the Standard & Poor's 400 index of industrials. United is selling at about eight times prospective 1985 earnings, according to Salomon Bros estimates.

The bright spot of the sector is now Eastern, which turned in record first-quarter profits, reflecting increased passenger traffic and a 2.5 per cent improvement in yields. Salomon Bros has upgraded its Eastern earnings forecasts for 1985. It expects share earnings to rise from 90 cents a share to $1.30, although the profit-sharing agreement with the workforce will trim stockholder earnings to $1.27. Eastern is confident of turning in the $90m-plus profits that would trigger the earnings agreement. Since the agreement is for this year only, 1986 looks like being a good year for the airline.

Eastern seems to be the only airline stock to have attracted higher ratings from Wall Street since the quarterly reporting season started to roll. Its recovery owes more to such internal matters as its agreements with the workforce than to the external factors overshadowing the industry. But the other airline stocks might prove vulnerable to recessionary influences in the U.S. economy. If so, they will not be alone on Wall Street.

Brussels may oppose £2bn aid for UK coal

BY MAURICE SAMUELSON IN LONDON

THE UK Government is preparing to ask Parliament for nearly £2bn ($2.58bn) to cover the anticipated losses of Britain's coal industry over the next two years. The move is, however, likely to run into difficulties with the European Commission, where officials have been trying to persuade the industry to meet the full force of international competition.

Brussels believes that the European coal industries should be stripped of their subsidies over the next decade and left in the same position as steel and shipbuilding.

The West German Government has already expressed its strong opposition to such a policy, claiming it would increase fuel costs for its electricity and steel industries.

A Coal Bill, which is expected to be tabled in London during the next two weeks, will reflect the costly aftermath of the year-long UK miners' strike, which ended in March, as the industry struggles to step up production and recapture its markets.

Mr Peter Walker, Secretary for Energy, is committed to making the coal industry viable and will suggest in the proposed Bill that subsidies for 1986–87 should be lower than in the present year.

The Government wants more money, however, to finance miners' redundancy schemes until the end of 1986–7 as well as for the costs of closing pits. It is likely that the Government will want another £400m to help with the cost of the pit-closure programme.

As a result of the year-long stoppage in the industry, the Government still has at its disposal half the £1.2bn which has been allotted for redundancy payments between December 1983 and March 1986. This provision will be increased and extended for a further 12 months.

The EEC plan for phasing out subsidies to coal industries is expected to be laid before the EEC Commission in the middle of May.

The introduction of a Coal Bill coincides with growing doubts over the future of Mr Ian MacGregor, the National Coal Board chairmen who is due to retire in 18 months' time. There have been suggestions that his three-year contract might be extended by another year to make up for the lost 15 months of the miners' strike and an overtime ban.

Such an extension is thought unlikely to be welcomed by Mr Walker.

Macmillan to make Sinclair computers for Indian market

BY JOHN ELLIOTT IN BANGALORE

SPECTRUM microcomputers from Sinclair of the UK are to be produced soon in Bangalore, Southern India, by Macmillan India, an offshoot of the British publishing company.

This is Britain's second entry into India's rapidly expanding small computer market. Acorn computers are being assembled by the Government's semiconductor complex in Chandigarh, Punjab, for use in schools and may later be available on the open market.

India aims to increase its production of mini and micro computers from 1,000 a year to 100,000 by 1990 as part of an expansion of overall electronics production from $1.2bn to approaching $10bn during the period.

Import and licensing controls have been extensively relaxed during the past six months and many foreign companies are arranging for imports of finished products and assembly kits, and then progressively to manufacture in India.

In addition to Sinclair and Acorn, other companies entering the micro field include Commodore of the U.S., which is setting up a project in Orissa, Eastern India, in partnership with an Indian living in the U.S. Nixdorf of West Germany is to produce micro and banking computers with Kothari, a Madras-based group, while Hewlett-Packard and Apple are also exploring possible tie-ups.

All those companies are hoping that Government-based schemes for computers in schools and for computerising banks, airlines and railways will lead to big commercial and personal sales.

Mr S. G. Wasani, managing director of Macmillan India, hopes to sell 75,000 Spectrums in the first year, mainly for home use. He is being issued with a licence by the Government for 150,000 a year. They will sell at Rs 3,000 ($247) roughly double the current UK price.

The initial technical collaboration agreement with Sinclair is for seven years, during which time the Indian content of the computer will be progressively increased, from 30 per cent at the start.

Macmillan is 39.9 per cent owned by Macmillan in the UK and has a turnover of Rs 50m, 20 per cent of which is typesetting and printing specialist books for export and 80 per cent is local publishing and distributing UK books.

India's computers-in-schools programme has been developed in co-operation with the Department of Trade and Industry in London and aims to instal computers in 250,000 of the country's 650,000 schools by 1990.

The UK provided £1.3m ($1.69m) grant aid to finance Acorn computers in 250 schools last August and another 1,500 are being assembled at Chandigarh.

Rubber producers to negotiate newstructure for world prices

BY JOHN EDWARDS, COMMODITIES EDITOR, IN LONDON

NEGOTIATIONS for a new International Natural Rubber Agreement, to replace the existing pact, which expires in October, start in Geneva today.

The agreement between governments of the leading natural rubber exporting and importing countries, has controlled world market prices for the past five years but is threatened with extinction if the Geneva talks fail.

Exporting countries, led by Malaysia, are expected to press for a substantial rise in the price range, which the agreement seeks to maintain by use of a buffer stock, financed by the member countries.

The buffer stock buys at times of surplus to prevent prices from going down too far below the "floor" of the agreed range. It sells to stop prices going through the "ceiling." During the period of the current agreement, the buffer stock has only made purchases. It has spent some $3bn on acquiring 270,000 tonnes of surplus natural rubber.

As a result, importing countries, which include China, the Soviet Union, the U.S. and the European Community, are expected to reject the idea of anything but a very modest rise in the price range.

Exporting countries, concentrated mainly in South East Asia, argue that production costs have risen substantially since the price range was negotiated in 1978. The scene is thus set for a serious confrontation.

Natural rubber accounts for about a third of total rubber consumption of some 13m tonnes a year worldwide. The main use of both natural and synthetic rubber is in tyres for cars and trucks. They are normally blended, the proportions varying according to the type of tyre.

The International Natural Rubber Agreement, which began operating in 1980, is viewed as one of the more successful commodity pacts, including all the leading "players."

Up a gum tree in Geneva, Page 18

Unocal plans asset spin-off in bid defence

Continued from Page 1

the income would flow directly to shareholders.

Since then the tax laws have been changed to make the concept less attractive.

● The Royal Dutch/Shell group has cleared the final hurdle in its bid to buy out the minority shareholders in Shell Oil, its U.S. affiliate. A Delaware chancery court has approved the proposed settlement ending shareholder litigation.

It has approved Royal Dutch/Shell's offer of an extra $2 per share on top of its $58 per share offer, in return for shareholder's waiving the right to challenge the deal in court. The judge found the revised offer "fair, adequate and reasonable."

Managua peace bid

Continued from Page 1

$4m would be earmarked for the four Contadora nations (Mexico, Venezuela, Colombia and Panama) to monitor any future peace settlement.

While Democratic leaders defended their proposal as a "middle course," Mr Reagan said it would "hasten the consolidation of Nicaragua as a Communist-terrorist arsenal." "The Communists know that if they can persuade Congress to cut off aid, they will never have to negotiate with the democratic opposition," he said. Few votes would ever be so important for the survival of democracy in Latin America and the Caribbean.

The new Nicaraguan offer follows President Reagan's proposal two weeks ago to convert the $14m military aid into "humanitarian" aid if Nicaragua agreed to a ceasefire and opened talks with the Contras leading to progress within 60 days. He also called for the lifting of press censorship and for new elections.

That offer was rejected by Nicaragua and was widely interpreted as a manoeuvre to squeeze the controversial aid package through Congress rather than a serious peace offer.

Mr Reagan did not spell out his claim that Soviet personnel were in a war zone, but a White House official said that Soviet "military people" had been identified in the town of Ocatal, nine miles south of the Honduran border. They were probably there as advisers and not as combatants, the official said.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	18	64	Malaga	F	17	63	Salzburg	S	23	73
Akrotiri	F	20	68	Faro	F	17	63	Malta	S	19	66	Seoul	S	21	70
Algiers	—	—	—	Florence	S	21	70	Manila	S	35	95	Singapore	R	32	90
Amsterdam	S	11	52	Frankfurt	S	17	63	Miami	C	27	80	Stockholm	C	3	37
Athens	F	16	61	Funchal	C	17	63	Milan	—	—	—	Strasbourg	S	19	66
Bahrain	S	33	91	Geneva	S	18	64	Moscow	S	15	59	Sydney	R	15	59
Bangkok	S	37	99	Gibraltar	—	—	—	Munich	S	21	70	Taipei	R	25	77
Barcelona	S	14	57	Guernsey	R	7	45	Nairobi	C	20	68	Tangier	C	17	63
Beirut	F	24	75	Helsinki	C	7	45	Naples	S	18	64	Tehran	—	—	—
Belgrade	F	18	64	H. Kong	F	25	77	New Delhi	R	37	99	Tel Aviv	C	24	75
Berlin	S	15	59	Innsbruck	S	20	68	New York	S	17	63	Tenerife	F	20	68
Biarritz	C	12	54	Inverness	F	9	48	Nice	S	17	63	Tokyo	S	21	70
Blackpool	C	8	46	Istanbul	F	11	52	Oporto	C	14	57	Toronto	R	11	52
Bordeaux	F	11	52	Jersey	S	5	41	Oslo	F	9	48	Tunis	S	18	64
Brussels	S	11	52	Jo'burg	S	24	75	Paris	C	12	54	Valencia	S	17	63
Budapest	F	19	66	Las Palmas	C	20	68	Prague	S	18	68	Venice	S	17	63
B. Aires	S	24	75	Lima	R	21	70	Reykjavik	S	7	45	Vienna	S	18	64
Cairo	F	25	77	Lisbon	F	15	59	Rio de J'o	C	26	79	Warsaw	S	20	68
Cape Town	C	16	61	Locarno	F	16	61	Rome	S	19	66	Zurich	S	20	68
Caracas	C	30	84	London	C	9	45								
Casablanca	C	17	63	Los Angeles	S	18	65								
Copenhagen	C	10	50	Luxembourg	S	14	57								
Corfu	F	19	66	Madrid	R	20	68								
Dublin	C	9	48	Majorca	C	17	63								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder H-Hail

Star wars discussions

Continued from Page 1

for European collaboration in high-technology areas, known as the Eureka programme, which might embrace co-operation on space-based defensive weapons research.

Both the French and German governments feel that European countries must work out their own programme of high-technology research in the civilian and military spheres, failing which they will be treated only as "sub-contractors" by the U.S.

The ministers are also expected to approve a number of institutional reforms of the WEU, including the creation of three new committees in defence and security questions, arms control and disarmament, and arms co-operation, which will act as a "think tank" for the Organisation's Ministerial Council.

The council, made up of foreign and defence ministers, is to meet twice a year: once in the spring for a formal session, and again in the autumn for a more informal meeting, modelled on the political co-operation discussions of EEC foreign ministers.

Israel set to pull all troops out of Lebanon by June 6

By David Lennon in Tel Aviv

ISRAEL WILL complete the withdrawal of its troops from Lebanon before June 6, the third anniversary of the controversial 1982 invasion. The Cabinet yesterday approved implementation of the third and final stage of the evacuation, which began in February.

The ministers voted 17 in favour and only three against the proposal, brought by Mr Yitzhak Rabin, the Defence Minister, to withdraw all forces to the international border while creating a security buffer zone, stretching seven to 15 kilometers north of the border.

The security area will be defended by Israeli-backed local Lebanese forces. Mr Rabin said there would be Israeli activity in the buffer zone to bolster the local forces, including occasional patrols and temporary observation positions, when deemed necessary.

The Defence Minister also emphasised after the Cabinet meeting that Israel would reserve the right to launch military strikes, anywhere in Lebanon, to prevent guerrilla attacks.

During an eight-hour session, the ministers hotly debated the nature and size of the buffer zone, which is designed to prevent attacks on Israel after the withdrawal of its troops to the international border.

Some ministers complained that the planned security arrangements were inadequate to protect Israel's northern villages. They argued that some Israeli troops should remain permanently inside Lebanon to boost the security arrangements in the buffer zone.

Other ministers demanded that the zone be enlarged to more than 30 kilometers north of the border while some argued against any future Israeli military presence inside Lebanon.

In mid-January, the Cabinet decided on a three-stage withdrawal from Lebanon, and the second stage is expected to be implemented this week, with the evacuation of the eastern sector and perhaps also part of the territory Israel holds south of the Litani River.

All military buildings and installations set up in the eastern sector have been dismantled, and heavy equipment has been removed in preparation for the evacuation of the zone.

Way clear for trade talks

Continued from Page 1

forward by senior Administration figures recently.

Moreover, the final communique of the IMF's Interim Committee specifically emphasised the importance of seeking "greater exchange-rate stability."

It has also been noted that the five leading powers have left in place their agreement, reached in January, to intervene against the dollar if necessary. Although recent falls in the dollar have pushed that agreement into the background, it remains a symbol of the fact that the official view of exchange rates may be in conflict with that of the markets.

Mr Nigel Lawson, the UK Chancellor of the Exchequer, agreed at a press conference in Washington that there had been a change of approach to "remove a lot of the speculative froth from the markets."

Next week's summit meeting in Bonn will probably stick to generalities on the subject, pending more detailed talks between the Group of Ten finance ministers in Tokyo in June and further discussions at the IMF interim committee in Seoul on October 6. It was also decided that ministers would consider at Seoul the case for an increase in the capital of the World Bank. Meanwhile, they asked the bank to press ahead with an increased programme of lending to the Third World.

THE LEX COLUMN

Cold water for troubled oil

The flurry of corporate activity among the UK independent oil companies has the distinct feel of writing on the wall; although what sort of writing and what sort of wall will not be clear until the ninth round of exploration licences is awarded.

For some time, the City of London has been saying there are just too many exploration companies about. The business requires a deft juggling act between acreage, production or cash-flows profiles, and tax exposure; and both government and geology are becoming distinctly less friendly. The sea west of the Shetland Islands is deep and cold, with structures as unforgiving as a four-layer tax regime. There may be another Forties field there which has somehow been overlooked, but it is unlikely to profit much your typical exploration company with its small spread of acreage and Forties unit to provide cash and shelter from tax. Oil exploration, like bookmaking, requires a broad exposure to odds; and small bookmakers are a vanishing breed.

Tax shelter

The winnowing of the institutionally held unquoted companies over the last two years looked bound to spread to the (institutionally held) quoted sector; but the Forties and Claymore auctions gave the exploration companies a lease of life, helping to keep their share prices well above most asset valuations and permitting them to compete with sheltered companies at almost level weights.

The handicap was effectively restored by the Government last September, when it limited the licenses per block to 10 and restricted the sale of producing assets. The Department of Energy may have feared a secondary market in licences, but it scarcely encouraged foreign operators to go on believing a small UK company was a useful ally in applications. Offshore farm-ins are now intensely competitive and expensive for companies without an operating ability; and this helps to explain the considerable interest in the ninth round awards, which require no commitment of liquidity.

The concentration is happening not only at the bottom. Admittedly, last week's merger between Berkeley and Anvil was a defensive manoeuvre well down on the North Sea food chain, which dilutes a possibly predatory stake in Berkeley and provides some tax offset: last year, Berkeley managed to pay more tax than it earned from its Forties unit. But Saxon has made a good North Sea find and needs more production until that can be turned into cash; and it was relatively easy to wrest Petrolex from the unwelcome attentions of Clyde.

Common sense would seem to point to the smaller companies onshore. Cash requirements are much lower than offshore and lead times about half as long, while the majors may even be at a disadvantage in dealing with local objections. But much of the UK acreage is spoken for and drilling is not tax-efficient – particularly as the last budget whisked away any shelter for onshore exploration.

Even so, Britoil decided last week that it could finance Hadson's onshore acreage more effectively and there are other cash-rich companies, such as Enterprise or Charterhouse, which may be seeking to buy acreage cheaply on the equity market. In most cases, share prices in the exploration sector are well down on this time last year despite a stable outlook for oil prices in the short term.

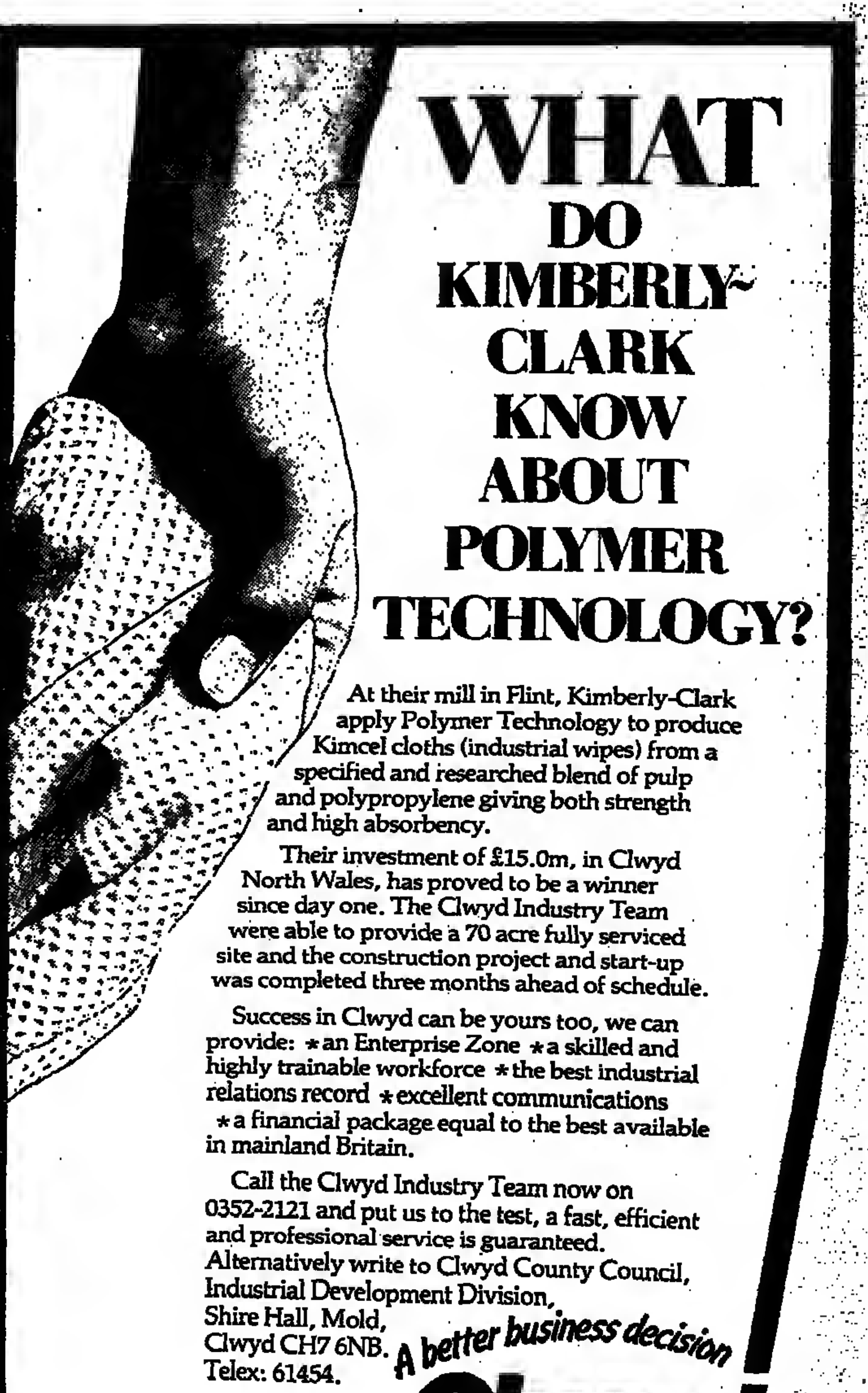
The exploration companies will go on seeking luck obroad, but it is hard to imagine anyone imitating Lasmo, which broke out of the UK tax regime with its purchase of Hudbay's interests. The City still has a weakness for new issues of U.S. prospects, marketed to reassure those institutions burned in the collapse of U.S. and Canadian exploration in 1980–81. But while a New London Oil may offer trading funds a turn, the most competitive market in the world would hardly entice institutions with liabilities to meet a few years hence.

Equity

The story of Tricentrol is something of a warning. In its efforts to turn its Thistle interest into a spanking U.S. find, Tricentrol condemned itself to the equity treadmill and the bid block, which are proving extremely hard to escape.

No doubt, the institutions will still be willing to stump up equity for the sector – although it is hard to imagine a new Lasmo, made by the Ninian field, or Charterhouse transformed from a Thistle. Aside from grazing on the tiddlers, the larger companies look set for balancing mergers, now that merely pride, not pride plus high stock market valuations, is keeping them apart. Enterprise, which needs just about everything except present production to become a proper oil company, now holds nearly one tenth of Tricentrol, on full conversion.

There is sure to be an independent UK oil sector in the 1990s, but it will not be recognisable from today's rough-and-tumble.



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FINANCIAL TIMES
Monday April 22 1985

American borrowers rush to lock into current rates

BY MAGGIE URRY

THE EURODOLLAR bond market had one of those binges last week which make its more serious-minded practitioners shake their heads in sorrow.

The market has clearly been suffering of late from a shortage of buyers, particularly those "Swiss" who are the main investors in U.S. corporate paper. As the dollar has weakened, non-dollar based purchasers have seen their potential returns from dollar bonds look steadily less appealing.

Meanwhile, the borrowers are anxious to lock into current interest rates and keen to take advantage of any new issue window. So when the U.S. GNP first-quarter figure, announced on Thursday, pushed the bond market up sharply, a queue of U.S. companies quickly formed. "I had my New York office on the phone all afternoon – it was a nightmare," said one syndicate manager.

Three deals appeared within minutes of each other – for General Electric, American Express and Texaco – with pricings "ranging from very tight to ridiculous," as one dealer put it. Such is the state of the market that the competitive bidding for the Texaco deal produced a wide spread of suggested prices, with one bid at a coupon ½ point higher than the successful 11⅛ per cent. Syndicate managers said that the winning house, Union Bank of Switzerland (Securities), could *still* have won the deal with a coupon ⅛ or even ¼ point higher.

As it was, the issue offered a yield about the same as similarly dated U.S. Treasury bonds – and this at a time when Eurobond investors are wary of buying U.S. corporate names.

Gone are the days when top U.S. companies could borrow in Europe at yields below Treasuries – at least if the deal is to succeed. Often issues can only be won away from the U.S. domestic market if the lead managers, anxious for business and league table positions, are prepared to give up their profit.

With short-term interest rates low, managers can fund their positions profitably. If the market goes up in the next few weeks, these deals will begin to look better value. But that is a risky way of doing business.

More popular borrowers have been the sovereigns and supranationals, with deals from Sweden and Denmark, and the Council of Europe, all well received. Denmark's appeal as a borrower has improved, as have the terms it offers on its issues. Sweden, launched just before the three U.S. names on Thursday afternoon, was well priced while the Council of Europe issue attracted buyers even on a sunny Friday afternoon.

Friday also saw the re-emergence of warrant issues. The secondary market in these – which offer a way to lock into interest rates without tying up so much capital – has been firm. First, Royal Bank of Canada made a bond issue with warrants to buy U.S. Treasury bonds, at terms not considered generous. Later Chrysler launched an issue of "naked" warrants to buy into an existing Chrysler bond issue.

This issue, led by Banque Paribas, gives investors the right to buy a Chrysler 13¼ per cent 1994 bond at a price of 102. But that right can only be exercised during one month, in autumn 1989. The warrants were issued at $22, with fees totalling $2. The bond is currently trading around 103¾, so the purchase of a warrant and bond at the exercise price would get an investor into the bond close to the current market price. But who knows where the bond will be trading in September/October 1989?

The fall in interest rates has not been all joy for the floating rate note market, especially since the flattening of the yield curve has hit the "mis-match" deals which take advantage of a positive curve. Two such deals surfaced last week, for Saitama Bank and Jyske Bank, and both met difficulties in syndication.

While the Saitama issue was tied up last week, the Jyske Bank deal, led by Nomura International is only expected to be officially launched today.

Meanwhile, other floating rate issues have been coming with complex interest fixings, save that for First Chicago, led by Salomon Brothers, which reverted to the old idea of actually paying the coupon as often as it is fixed.

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
U.S.$	2,110.6	355.7	3,634.2	245.4
Prev	440.5	92.7	525.0	77.5
Other	1,466.3	225.4	113.0	123.5
Prev	88.3	—	—	68.4
Secondary Market				
U.S.$	10,939.6	678.9	6,876.1	1,234.5
Prev	12,449.2	653.4	9,339.4	1,253.4
Other	2,420.1	73.5	987.1	1,064.4
Prev	1,744.3	15.4	327.1	887.4

	Cedel	Euroclear	Total
U.S.$	7,669.8	18,405.1	26,074.9
Prev	8,097.0	16,734.4	24,831.4
Other	3,409.7	3,063.6	6,473.3
Prev	1,677.0	1,454.2	3,131.2

Week to April 18, 1985 Source: AIBD

It was not Nomura's week. It also led a convertible issue for the UK diversified company Lonrho, which met a slow response from potential co-managers.

The continental European markets have continued to benefit from the weaker dollar as investors look to diversify their portfolios. The second Euro-French franc issue, for ECSC, went as well as the first, and a third is already being talked about. D-Mark and Swiss franc bonds have also been moving ahead well.

The only exception has been equity linked issues made by Japanese companies. With the Tokyo stock market suffering a volatile week convertibles have lost their charm. As long as the setback is temporary there is no need for alarm. But fears that investors could come to grief in convertible issues from little known Japanese companies could be well founded if share prices fall.

French concede to Tenneco over IH

By Andrew Gowers in London

TENNECO'S hopes of acquiring International Harvester's (IH) three loss-making French farm equipment plants have received a boost following apparent concessions on the deal by the French Government.

Negotiations on the purchase between Tenneco, parent of J.I. Case, the U.S. farm machinery group, and the French Government have been extended for the second time until the end of this month, the company confirmed in Houston at the weekend.

Tenneco obtained an option to buy the plants, along with IH's West German and Danish subsidiaries, when it bought the U.S. and British assets of IH last November for $430m.

But it threatened not to use the option earlier this year when France resisted its plans for reductions in capacity and employment at the plants and refused to give additional financial support.

Company executives said at the weekend, however, that negotiations had made substantial progress this month. The Government has apparently agreed in principle to a capacity closure plan and has made concessions on the financial issue.

The Government supplied a FFr 160m ($17.5m) line of credit to IH, and Tenneco wanted it to relieve it of some of the outstanding interest on IH's substantial French debts.

The French plants, which comprise a combine harvester plant at Angers, a cab-building factory at Croix and a transmission and assembly plant at St Dizier, are important to Tenneco because they are tied to IH's profitable West German operation.

CREDITS AND EURONOTES

Swedish move stops fledgling Euroyen sector dead in its tracks

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

HE newly fledged Euroyen credit narket was stopped dead in its racks by Sweden's decision on hursday to cancel its planned 10-ear, Y100bn deal, which was to ave been led by Sumitomo Bank.

One thing is becoming abundant- r clear as the dust settles around ie Tokyo banking community's mbarrassing rejection of the loan argin of just ⅛ point over Euroy- n deposit rates. That is that other orrowers are hardly going to dare risk a similar fiasco for weeks, if t months, to come.

Less certain, however, are the im- cations for the general trend of icing in the Eurocredit market. n-Japanese bankers could scarcely disguise their relief at Thursday's cancellation. They had been worried that the margin of ⅛ per cent might be seen as a benchmark for top quality borrowers across the market.

Pricing was, in fact, only one of Sweden's problems. The Debt Office in Stockholm seems to have lacked the sureness of touch in dealing with the Japanese banking community that it displays in other markets.

In picking Sumitomo to lead the credit, it failed to take account of the fact that it is a maverick bank with which other Japanese institutions do not always work easily. Many other banks were simply jealous that Sumitomo had snatched the coveted Swedish mandate from their grasp.

Besides, Sweden intended to use the deal to replace an earlier $300m credit arranged at higher cost with Japanese banks. That deal has still to be cancelled, regardless of last week's move, but Japanese banks in the original syndicate had extra cause for complaint that they had not been consulted in advance on terms for the new credit.

One moral from this tale seems to be the classic one that granting a tightly priced mandate in uncertain conditions to one bank alone is always a risky business. A second is that it is certainly not the way to create a flourishing market in a newly opened currency sector.

Algeria eschewed the temptation to go for Euroyen in the new loan package for up to $1bn mandated last week to a group of 12 banks, coordinated by Banque Arabe et Internationale d'Investissement. The borrower is Banque Exterieure, going to the domestic market for a 10-year credit of Y50bn with interest linked to the long-term prime rate, currently 7.7 per cent.

The other elements of the package are to be a $500m, 15-year floating rate note with a margin of ¼ per cent over six-month Libor, due to be launched within the next couple of weeks. In the late summer Banque Exterieure also plans to launch a conventional Eurocredit of up to $300m on which terms will be set later.

The Euronote market last week saw the launch of the long-awaited $500m, seven-year facility for Unilever, led by Bankers Trust and Bank of America. Terms were confirmed on Friday. As expected, they include a facility fee averaging five basis points and a maximum utilisation fee of 15 basis points, although the average utilisation fee paid by the borrower will not exceed 10 basis points.

Those terms contrast markedly with those of another deal, a £150m, 6½-year facility for Britain's Enterprise Oil, which includes options to raise money through the sale of dollar notes, sterling bankers' acceptances and medium-term sterling securities. Led by Citicorp, the deal bears a facility fee of 15 basis points and a backstop utilisation fee of ⅛ per cent. Drawings on the backstop will bear additional interest at a margin over Libor of ¼ per cent for the first 3½ years, rising to ⅜ per cent thereafter.

This is Enterprise's first borrowing in the Euromarkets, and one reason for the high facility fee is to attract new relationship banks, particularly UK institutions which now face capital requirements on their Euronote underwriting obligations. Bankers say the terms bear no comparison with those for Unilever, which should get away with its very finely priced deal simply by virtue of its high standing in the market place.

What does look tight, they add, is Friday's $200m, eight-year facility led by Merrill Lynch for Denmark's Export Finance Corp. This bears a facility fee of 7¼ basis points and a total return (including the fee) to backstop lenders of ⅛ per cent, which coincidentally is the same as the margin on Sweden's ill-fated Euroyen credit.

This week should see the launch of a $400m credit for Norway's Saga Petroleum, while Électricité de France is now sounding the market for a large Euronote facility.

These Notes having been sold, this announcement appears as a matter of record only.

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U.S. $75,000,000

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(Incorporated in the Netherlands Antilles)

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unconditionally guaranteed as to payment of principal and interest by

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BankAmerica Capital Markets Group **Bankers Trust International Limited**
Banque Bruxelles Lambert S.A. **Banque Indosuez**
Baring Brothers & Co., Limited **Chase Manhattan Capital Markets Group** Chase Manhattan Limited
Citicorp Capital Markets Group **Commerzbank** Aktiengesellschaft **County Bank Limited**
Crédit Commercial de France **Crédit Lyonnais** **First Chicago Limited**
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft **Goldman Sachs International Corp.**
Kredietbank International Group **Lehman Brothers International** Shearson Lehman/American Express Inc.
Manufacturers Hanover Limited **Merrill Lynch Capital Markets**
Morgan Stanley International **Orion Royal Bank Limited**
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All of these Securities have been sold. This announcement appears as a matter of record only.

U.S. $100,000,000

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April 9, 1985

INTERNATIONAL CAPITAL MARKETS

U.S. MONEY AND CREDIT

Fed eases on signs of weakening economy

U.S. SHORT-TERM interest rates fell sharply last week. The Federal Reserve Board eased its credit policy stance in response to further evidence of a weakening economy—highlighted by the unexpectedly low 1.3 per cent gain in first-quarter gross national product (GNP).

The decline in money market rates—now back around their January 12-month lows—raises the prospect of a bank prime rate cut and, some believe, a reduction in the discount rate, from 8 per cent.

More immediately, lower rates spurred a further decline in the dollar. A continuation of the recent bull market in government bonds and a deluge of new corporate issues as company treasurers rushed to sell debt.

The Fed signalled its intentions early in the week through its third large outright purchase of Treasury securities in as many weeks. More plentiful reserves also showed through in reduced discount window borrowings which averaged $335m in the latest week, the lowest level since January, and a sharp decline in the Fed funds rate.

"By providing a very liberal dose of reserves to the banking system last week, the Fed encouraged a significant drop in interest rates—and the aggressive manner in which it did so was important," said Dr Henry Kaufman of Salomon Brothers.

Although the Fed's open market actions in recent weeks have probably been due mainly to seasonal tax-date pressures (pressures which are likely to be reversed in the next few weeks as tax refunds are paid), the markets were virtually unanimous in seeing them as evidence of a slightly easier credit stance.

In response, U.S. short-term interest rates fell by between 20 and 58 basis points last week. The three-month T-bill rate closed 25 basis points down, bringing the decline over the past three weeks to almost three-quarters of a point. Bank certificate of deposit rates fell by at least 35 basis points, bringing the decline over the past four weeks to about 60 points.

"If sustained, the lower U.S. commercial paper and bank CD rates should lead to a general reduction in bank's prime lending rates—particularly since loan demand remains somewhat sluggish," said Dr Kaufman. In fact several small banks have already reduced their prime rates from the current 10.5 per cent level.

Most significantly the Fed funds rate traded at or below the 8 per cent level for most of last week. Despite a slight, and probably technical, draining action by the Fed on Friday, the funds rate closed the week at 7.79 per cent.

"The Fed probably now has on 8.25 per cent funds rate objective, at a maximum," says Mr Philip Braverman of Briggs Schaedle, "but this is probably only the first step."

Dr Albert Wojnilower, chief economist at First Boston, fuelled the speculation about a further Fed easing by suggesting that the Fed will probably cut the discount rate soon. However Dr Wojnilower, in a keynote speech to the Federal Home Loan Bank of New York, cautioned that rates will rise again later this year and that while the Fed's generous addition of reserves makes a recession unlikely, inflation will eventually accelerate. On Tuesday the March consumer price index will be published.

Other potentially negative factors include the possibility of profit-taking in the bond markets—where the Treasury long bond has gained over six points since its lows earlier this year—M1 money supply, which despite the $1.2bn decline last week, remains about $7bn above the Fed's four to seven per cent growth target range, and a prospective end to the lull in new Treasury financings.

The Treasury will auction $9bn of two-year notes on Wednesday, a foretaste of the estimated $20bn quarterly refunding announcement expected on April 30.

In the meantime, with corporate bond prices rising by ½ to 1½ points last week and new issue yield estimates falling by 13 to 40 basis points, U.S. corporations have been flooding the market with new paper. Last week saw over $2.7bn in new corporate debt brought to market with nearly two-thirds coming from financial institutions.

Among the new issues, General Motors Acceptance sold a total of $500m in two tranches of three and four-year notes yielding 10.46 and 10.58 per cent respectively. Ford Motor Credit sold $200m of three-year extendable notes to yield 10.375 per cent while Citicorp sold $250m of 5-year 11.5 per cent notes at par. Mellon Financial sold $150m of three-year extendable floating-rate notes and Merrill Lynch sold $150m of eight-year floating-rate notes.

Meantime, as Mr Preston Martin, the Fed vice chairman, and others were warning about the longer-term risks of high-yielding low quality "junk" bonds, Ted Turner stuffed his long-awaited, all-paper offer for control of CBS full of these fashionable securities.

Paul Taylor

U.S. MONEY MARKET RATES (%)

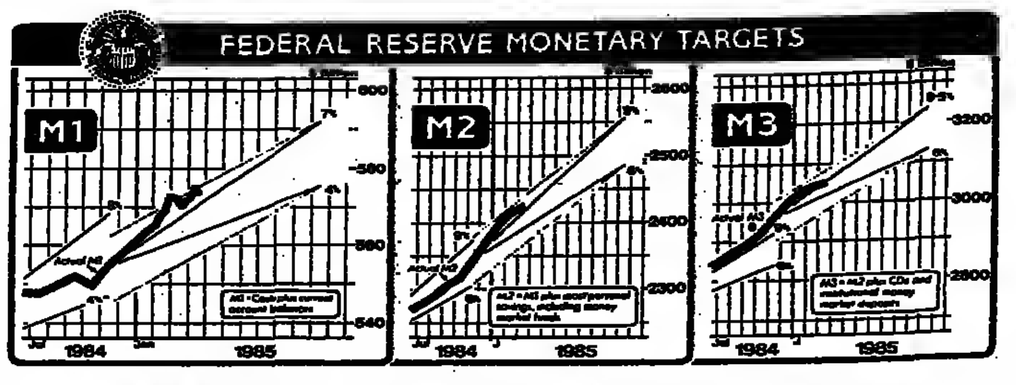
	Last Friday	1 week ago	4 wks ago	—12-month— High	Low
Fed Funds (weekly average)	8.12	8.70	8.59	11.77	7.82
Three-month Treasury bills	7.79	8.04	8.51	10.77	7.58
Six-month Treasury bills	7.95	8.26	8.81	10.83	7.87
Three-month prime CDs	8.25	8.50	8.92	11.50	8.05
30-day Commercial Paper	8.00	8.40	8.83	11.38	7.85
90-day Commercial Paper	8.05	8.45	8.80	11.40	7.90

U.S. BOND PRICES AND YIELDS (%)

	Last Friday	Change on week	Yield	1 week ago	4 wks ago
Seven-year Treasury	103⅛	+1⅛	11.05	11.30	(new)
20-year Treasury	104½	+1⅛	11.46	11.62	(new)
30-year Treasury	99⅞	+1	11.26	11.38	11.83
New 10-year "A" Financial	N/A	+1⅛	11.70	12.00	12.45
New "AA" Long utility	N/A	+1	12.25	12.38	13.00
New "AA" Long industrial	N/A	+1½	11.95	12.13	12.63

Source: Salomon Bros (estimates).

Money Supply: In the week ended April 7 M1 fell by $1.2bn to $573.6bn.



UK GILTS

Short-term confidence underpinned

FALTERING U.S. growth, a falling dollar and a cut in UK base rates provided the backdrop for another strong performance by the gilt-edged market last week.

Hopes that Thursday's first-quarter U.S. GNP figures may foreshadow a sustained weakening of the dollar and further cuts in UK interest rates underpinned confidence in the short-term outlook. The news that the Government undershot by £400m its latest forecast of a £10.5bn public sector borrowing requirement for 1984/85 added to the optimism.

The result was gains ranging from 3/4 points for both short and long-dated stocks to 1½ points for issues in the 10-year maturity range.

And the Bank of England found little difficulty selling around £600m of stock, exhausting its holdings of 9 per cent Treasury 1994 and of 9½ per cent Conversion 2004. Keen to maintain the momentum of its funding, it issued a further £650m in tranches of existing stock on Friday afternoon. The £250m of 12¼ per cent Exchequer 1990, £250m of 10½ per cent Exchequer 1995 and £150m of 11½ per cent Treasury 2001-2004 will be on offer from today.

Yet if the market remains confident, there were one or two factors to take the edge to its enthusiasm last week and to put at least a question mark over whether the present yield structure of the market is discounting too much good news.

Friday's inflation figures, showing price rises running at an annual 6.1 per cent, surprised everyone, including the Government. The rise has not prompted a fundamental shift in inflationary expectations, largely because of the pound's rebound over the past few weeks. Yet it has sparked concern about possible knock-on effects from pay settlements and from dented confidence in the Government's forecast of 5 per cent inflation by the end of the year.

The general view among brokers was that the inflation rate will now peak at around 6.5 per cent in the summer. Some, like James Capel, were suggesting that the figure could be closer to 7 per cent.

The need to get inflation down again quickly is likely to underpin the authorities determination to hold up interest rates, though paradoxically, the easiest route in the short term would be a cut in the mortgage rate.

The short end of the gilt-edged market is discounting a cut in base rates to around 11 per cent, while the yield curve of the market is now flat out to about 10 years.

Yet the signals coming from the Bank of England on Friday were hardly encouraging for the interest rate optimists.

Though it endorsed the ½ point cut by National Westminster and Lloyds, the Bank remains determined that rates will come down in gentle steps.

Its concern both about the growth rate of sterling M3 (and some brokers are thinking in terms of another poor figure for April) and about the need to fund heavily over coming months suggest that the floor under base rates remains high.

Redemptions over the summer mean that the Bank will have to sell around £1.3bn of stock in June just to stand still. Some front-end loading of the public sector borrowing requirement is likely to add to its problems in getting sterling M3 into its 5 to 9 per cent target range.

Against that background, some brokers believe that further advances in the market may depend on sterling's strength continuing to generate strong foreign interest. The market has been underpinned in recent weeks by strong foreign buying, partly from investors moving out of U.S. Treasury bills. Japanese, Swiss, West German and a few U.S. investors have all combined a healthy capital gain in the gilt-edged market with a large currency profit.

Philip Stephens

FT/AIBD INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
AHFC O/S Fin 11⅞ 94	100	100⅞	+1¼	11.58
Amer Savings 12 89	125	100⅝	+1	11.78
Amer Savings 12⅛ 89	100	101⅛	+1¼	11.83
Asian Dev Bk 11⅛ 93	100	100⅝	+1	11.60
Australia 11¼ 90	100	102¼	+0⅞	10.96
Australia 11½ 95	300	100⅜	+1	11.35
Australia 11⅞ 89	100	101	+1¼	11.45
AIDC 11 89	75	99⅛	+0⅝	11.18
Austria 15½ 89	75	110⅜	+0⅞	10.95
Bk America 12 87	290	102⅞	+0⅛	10.32
Bk Nova Scotia 13⅞ 87	100	103½	+0⅛	11.75
Bank of Tokyo 13⅛ 91	100	107⅞	+1	11.74
Bank of Tokyo 13⅞ 89	100	107⅜	+0⅜	11.49
Bqe Nat Paris 13½ 89	150	106⅜	+1	11.57
Bqe Nat Paris 14⅛ 90	250	107⅛	+0⅛	12.23
BFCE 16 86	299	107⅛	+0⅜	10.52
Br Col Hydro 11⅛ 03	200	101½	+1⅛	11.43
Br Col Hydro 12⅛ 14	200	103⅛	+0⅞	12.46
Br Col Hydro 12½ 13	250	103⅛	+1	12.48
Britoil Fin 11⅞ 90	125	100⅛	+0⅛	11.74
Canada 10⅞ 89	500	101⅛	+0⅞	10.39
Casio Computer 5⅞ 89	60	112	−2	2.60
CCCE 12⅜ 95	75	103⅛	+1⅛	11.95
Citicorp O/S 10 89	200	98⅝	+0⅛	10.28
Citicorp O/S 10⅜ 90	100	95⅛	+0⅛	11.66
Citicorp O/S 11⅜ 88	100	99⅜	+0⅜	11.89
Citicorp 11⅜ 90	100	101⅛	+0⅛	11.36
Citicorp O/S 12 87	200	101⅛	+0½	11.38
Citicorp O/S 14 94	100	101⅛	0	13.70
CNCA 13⅛ 91	100	105⅛	+0⅞	11.89
Coastld Int 12⅛ 89	125	102⅛	+1	11.27
Comp Bancaire 13⅞ 90	75	105⅞	+0⅛	12.25
Comsat 12⅛ 01	100	99½	0	12.37
Creditanst 13⅛ 91	100	104⅞	+0⅛	11.94
Dai-ichi Kangyo 12⅛ 90	100	103⅛	+1	11.38
Dart & Kraft 7⅜ 96	95	94⅛	−0⅛	8.48
Denmark 11⅜ 90	100	100	+0⅛	11.73
Denmark 12⅜ 92	250	101	+0⅛	12.60
Denmark 13 92	100	102⅛	0	12.46
Denmark 13⅛ 01	100	105⅛	+1	11.96
Denmark 13⅞ 89	100	108½	+0⅛	11.35
Denmark 14 91	100	107⅜	+0⅛	12.15
Du Pont Canada 13½ 91	65	104⅛	0	12.40
Digital Equip 11⅜ 88	150	101⅞	+0⅛	11.11
Dutch St Mines 11⅛ 91	150	98⅞	+0½	11.64
Eksportfinans 11½ 90	100	100	+0⅞	11.46
Elec de France 9⅜ 86	100	99⅛	+0⅛	9.90
Elec de France 10 89	125	98⅜	+1	10.59
Elec de France 11⅛ 93	100	97⅞	+1⅛	11.54
Elec de France 11⅛ 90	100	99½	+1⅛	11.37
Elec de France 12⅜ 87	150	104⅛	+0⅜	10.66
EEC 10⅜ 95	75	92⅛	+0⅞	12.10
EEC 11 87	350	100⅞	+0⅛	10.48
EEC 11 95	75	97⅜	+0⅛	11.38
EEC 12 93	100	102½	+0⅞	11.49
EEC 12 93	50	99⅞	−0⅛	11.99
Euro Inv Bk 11½ 90	200	100½	+0⅛	11.34
Euro Inv Bk 11⅛ 91	73	99⅛	+0⅛	12.07
Euro Inv Bk 11⅞ 93	150	102⅛	+1⅛	11.39
Euro Inv Bk 12⅛ 90	100	104⅛	+0⅛	11.24
EDC 9½ 86	150	99⅛	0	9.93
EDC 9⅞ 88	200	98⅜	+1	10.87
EDC 10 89	125	98½	+0⅛	10.61
EDC 10⅜ 88	100	100⅛	+0½	10.59
EDC 11⅛ 89	150	100½	+0⅛	10.93
EDC 11⅛ 87	100	102½	+0⅛	10.51
EDC 12 89	100	102⅛	+0½	11.72
EDC 12⅜ 87	100	100⅛	−0⅛	12.36
EDC 13⅜ 87	100	105⅛	+0⅛	10.62
Export & Import 13⅛ 91	75	108	+0⅞	11.35
Farm Cred Cpn 11⅛ 93	75	101⅛	+1⅛	11.38
Finland 9½ 86	100	99⅞	+0⅛	9.61
Finland 11½ 89	100	101⅛	+0⅛	10.89
Finland 15⅜ 87	75	108	+0⅜	10.48
Finnish Export 12⅜ 87	75	103⅞	+0⅛	10.84
Firstfed Mich 1 13⅛ 89	125	102⅛	+0⅛	12.02
Florida Fed 12⅞ 89	100	101⅞	+1	11.76
G. E. Credit 86	600	29½	+1	11.49
General Elec 9⅜ 91	100	94½	+1¼	10.98
Gen Elec Cred 11 91	200	100⅛	+1⅛	10.80
Gen Motors Ac 11⅛ 90	100	101	+0⅞	11.08
Gen Motors 12⅛ 86	200	100⅜	−0⅞	11.41
Gen Motors Ac 13 86	200	103	+0⅛	10.12
GZB 14 91	100	107⅞	+0⅛	12.09
Giro Vienna 13⅛ 91	75	103⅛	−0⅞	12.44
GTE Finance 12 96	75	100½	+0⅛	11.91
Gulf Oil 10⅞ 94	100	92⅛	+0⅜	11.54
Gulf Oil 12⅛ 87	100	101⅜	+0⅞	11.31
Hall Alt Fin 12⅛ 91	100	100⅛	+0½	12.19
IBM Credit 13⅛ 87	100	103	+0⅛	12.90
IBM 12⅛ 92	200	106⅛	+1⅛	10.97
IC Industries 11⅛ 86	75	98½	0	12.08
Ind Bk Japan 11⅛ 89	125	101⅛	+0½	11.10
Ind Bk Japan 11⅞ 91	100	101	+0⅞	11.81
Ind Bk Japan 13⅞ 91	125	109⅛	+0⅛	11.70
IADB 12⅛ 93	120	102⅞	+1⅛	11.91
Int Bk Rc Dv 11⅛ 90	200	99⅜	+0⅞	11.28
Int Bk Rc Dev 12 93	200	102⅛	+1	11.47
Int Paper 12 91	75	102⅛	+0⅛	11.39
Int Stand Elec 87	112	22⅛	0	12.30
Int Stand Elec 12 96	75	97⅛	+0⅛	12.44
ITT 11½ 89	125	101⅛	+1⅛	10.89
Japan Airlines 12½ 94	70	109⅛	+0⅛	10.78
Japan Dev Bk 11⅞ 91	100	101⅛	0	11.93
Kyowa Fin HK 12⅞ 90	100	103⅛	+0⅛	11.84
Long Term Cred 10⅜ 90	100	97	+0⅛	11.54
Long Term Cred 11 90	100	98⅜	+1	11.37
Long Term Cred 11⅛ 88	100	101⅛	+0⅞	11.45
Long Term Cred 12 93	100	102⅛	+0⅞	11.45
Long Term Cred 12½ 90	85	103	+0⅛	11.68
Macy R. H. 11⅛ 91	100	100⅛	+0⅞	11.53
McDonalds Fin 11⅛ 94	75	98⅛	+0⅞	11.84
Minebea 6⅜ 89	100	114½	+1⅛	2.27
Mitsubishi 5⅜ 89	100	93½	−1⅛	7.88
Mitsubishi Cp 12½ 91	100	105½	+0⅛	11.10
Mitsub Gas Ch 8⅞ 89	50	93½	−2⅛	3.90
Mitsui Eng 7⅜ 89	90	95½	+2½	6.77
Mitsui Tst Fin 12 01	100	101⅛	+0⅛	11.57
Montreal City 12½ 91	70	103⅛	+0½	11.81
Montreal Urban 12 90	75	100⅛	+0⅛	11.77
Mgn Gearnnty 12⅛ 89	160	103	+0⅞	11.28
Mount Isa Fin 13⅛ 87	100	103⅛	+0⅞	11.81
Ned Gasunie 11⅛ 90	75	99½	+0½	11.34
Ned Gasunie 11⅛ 91	75	98⅜	+0⅞	11.54
Newfoundland 13 91	75	103⅛	+1	12.17
Nippon Crd Bk 13⅛ 89	100	107⅛	+0⅛	11.60
Nippon Tel Tel 11⅛ 90	100	101⅛	+0⅞	10.87
Nippon Tel Tel 13 21/32 94	150	106⅛	0	12.78
Nissho-Iwai 9½ 89	70	88½	+0⅜	10.29
Nomura 6⅜ 86	100	133⅛	−6⅛	−2.03
Nordic Inv Bk 11⅛ 90	75	100½	+1⅛	11.68
Nova Scotia 11⅛ 91	100	102	+1⅛	11.24
Nova Scotia 11⅛ 89	100	99	+0⅛	11.89
Oester Post 12⅛ 89	75	102⅛	+0⅛	11.39
Ohbayashi-Gumi 7⅜ 89	50	121	+2	2.78
Ontario Hydro 11⅛ 94	200	101⅛	+1⅛	11.28
Ontario Hydro 11⅛ 90	200	103⅛	+1	10.83
Ontario 12⅛ 94	250	106⅛	+2	11.67
Pacific Gas & El 12 91	75	99⅛	+0⅛	12.05
Penney J. C. 11⅞ 90	100	103	+1⅛	11.33
Penney J. C. 12⅜ 01	100	103⅞	+0⅛	11.82
Phillips Petrol 14 89	200	102⅛	0	13.24
Post-Och Kred 12 90	75	100	+0⅛	11.90
Post-Och Kred 13⅞ 87	50	103⅞	+0⅛	11.40
Prudential Ins 12⅛ 87	150	104⅛	+0⅞	10.47
Quebec Prov 12⅛ 93	100	103½	+1½	11.79
Quebec Prov 12⅛ 94	150	103⅛	+1⅛	11.83
Quebec Prov 13 13	100	104⅛	+0⅛	12.77
RTZ 11⅛ 93	100	96⅛	+0⅞	12.33
Royal Bk Scot 11⅞ 93	75	95⅛	+0½	12.48
Rural Bk Aust 12 91	50	99⅛	+0⅛	12.04
Sanwa Intl Fin 12⅛ 90	00	102⅛	+0⅛	11.44
Saskatchewan 10⅜ 90	125	99	+1⅛	11.01
Saskatchewan 11⅞ 89	100	102⅛	+0⅛	11.21
Saskatchewan 15 92	150	115⅛	+0⅛	11.74
Saskatchewan 10 89	125	114⅛	+0⅛	11.38
Saskatchewan 16⅜ 89	100	110⅛	+0⅛	12.23
Scot Intl Fin 14⅛ 96	50	107½	+0⅛	12.82
Sears O/S Fin 98	500	23⅛	+0½	11.71
Sears Roebuck 10½ 91	150	96⅛	+1⅛	11.37
Sears Roebuck 11⅛ 01	150	101⅛	+1⅛	11.17
Sec Pacific 12 92	100	101⅛	+0⅛	11.74
Shearson/Amex 12⅛ 94	100	99⅛	+0⅛	12.19
Shell (Canada) 16⅛ 92	125	109⅜	+0⅛	12.25
Shell (Canada) 15⅛ 91	100	112⅛	+0½	12.78
Standard Chart 11⅛ 94	200	100	0	11.48
Statoil 12 88	100	103⅛	+0½	10.42
Sumitomo Fin 12⅛ 91	150	103⅞	+0⅛	11.81
Sweden 12⅛ 86	200	103⅛	+0⅛	11.20
Swedish Export 11⅞ 89	100	100⅛	+0½	11.21
[illegible] Kobe 12 90	200	101⅛	+0⅛	11.02
Texaco 10½ 90	200	96⅛	+0⅛	11.41
Texaco 10⅞ 93	200	95½	0	11.25
Texaco Capital 13½ 96	200	106⅛	+0⅛	11.52
Texas Instru 11⅞ 91	150	101⅛	+1	11.53
Tokai Asia 12⅛ 91	100	102⅞	+1	11.51
Tokyo Electric 6½ 89	70	93	+0⅛	8.68
Tokyo Electric 13⅛ 89	100	106½	+0⅛	11.38
Toronto-Dom 12⅛ 89	60	103⅛	+0⅛	12.09
UBS 12⅛ 01	100	101	−0⅛	11.99
Veba 9 93	70	110½	+4	6.38
Warner-Lambert 10⅛ 90	100	96⅛	+0⅛	11.25
West LB 11⅛ 90	100	98½	+0½	12.25
Weyerhaeuser 11½ 90	60	98⅛	−1	11.87
Yasuda Trust 12⅛ 89	100	102⅛	+0⅛	11.99

FLOATING RATE NOTES	Issued	Price	Chg. on week	C.cpn
Amb Bank Con ⅛ 96	100			
BAII ⅛ 91	50	99⅛	−0⅛	10⅛
Banca Lavoro ⅛ 91	100	98⅞	−0⅛	10½
Ban di Roma ⅛ 92 CU	75	99⅞	−0⅛	10⅝
Banco Hispano ⅛ 95	100	99⅜	0	10⅝
Bankers Tr NY ⅛ 94	200	99⅜	−0⅛	11⅝
Bank of Greece ⅛ 94	150	100½	0	9½
Bank Montreal ⅛ 94 £	100	98	−0⅞	9⅛
Bank of New York ⅛ 96	75	100⅛	+0⅛	13⅜
Bqe Nat Paris ⅛ 88	250	99⅜	+0⅛	9⅛
Bqe Nat Paris ⅛ 89	250	100⅛	0	9 11/16
Bqe Nat Paris ⅛ 91	125	100⅛	−0⅛	10
Bqe Nat Paris ⅛ 96	250	100½	0	12 11/16
Barclays O/S ⅛ 90	100	100⅛	0	9⅞
Barclays O/S ⅛*	600	100½	0	10 11/16
BBL ⅛ 95	100	100⅛	+0⅛	9⅞
Bqe Nat Paris ⅛ 88	400	100⅞	−0⅛	10 7/16
BBL ⅛ 89	100	100⅞	+0⅛	9⅞
BFCE ⅛ 87	400	100	−0⅛	9 11/16
BFCE ⅛ 88	125	100⅛	−0⅛	10⅞
BFCE ⅛ 88	600	100⅛	−0⅛	9⅛
BFCE ⅛ 89	600	100⅛	0	10 5/16
CEPME ⅛ 96 £	100	100⅛	−0⅛	13⅞
Citicorp O/S ⅛ 01 £	100	99⅛	+0⅛	13 11/16
Caisse Nat Tel ⅛ 91	250	100⅛	+0½	10⅛
Creditanstalt ⅛ 96	160	100⅛	+0⅞	9 11/16
Credit Lyonn ⅛ 96	300	100⅛	0	9⅛
Credit National ⅛ 95 £	100	100⅛	0	13⅞
Dai-Ichi Kngyo ⅛ 96	150	100⅛	0	10 5/16
Denmark ⅛ 90	250	100⅛	0	8 7/16
Denmark 0 99	200	99⅛	−0⅛	9 5/16
Denmark ⅛ 90	600	100½	0	9⅛
Dresdner Bank ⅛ 93	400	101⅛	+0⅛	11⅛
Eldorado Neke 0 88	100	100½	0	9 11/16
Elec de France ⅛ 95	300	100½	−0⅛	9½
Elec de France ⅛ 99	600	100⅛	0	10
EEC ⅛ 90	2bn	100½	0	9 5/16
ENEL ⅛ 93 £	100	99⅛	−0⅛	13 11/16
Exterior Intl ⅛ 96	125	99⅛	−0⅞	9 5/16
Ferro del Stat ⅛ 99	250	100⅛	0	10⅛
Fiat Finance ⅛ 94	100	99⅛	0	9⅞
First Aust Bk ⅛ 92	50	99⅛	0	8⅞
First Chicago ⅛ 94	100	100⅛	0	9 5/16
Ford Motor Cr ⅛ 91	200	99⅞	0	9 15/16
Genfinance ⅛ 87	100	101⅛	+0⅛	11
Genfinance ⅛ 92	100	100⅛	0	9 5/16
GZB ⅛ 91	40	100⅛	0	9⅛
GZB ⅛ 92	50	100⅛	0	9⅞
Gotabanken ⅛ 94	50	99⅞	0	10½
GW O/S Fin ⅛ 94	100	99½	−0⅛	10⅛
Grindlays ⅛ 94	100	100⅛	0	9⅛
Ind Bk Japan ⅛ 88	50	101⅛	+0⅛	10⅞
INI ⅛ 00	150	100⅛	0	9 13/16
Interfirst Tex ⅛ 89	100	97⅛	0	9 5/16
Int Bk Rec Dev 11/32 89	250	98⅞	0	8⅞
Ireland ⅛ 93 £	60	100⅛	+0⅛	14 3/16
Ireland ⅛ 94	300	99⅞	−0⅛	9⅛
Italy ⅛ 99	500	100⅛	+0⅛	10 5/16
Kleinwort Benson ⅛ 96	100	100⅛	0	10⅞
Lloyds Eurofin ⅛ 92	100	100⅛	+0⅛	9 7/16
Malaysia ⅛ 93	850	100⅛	+0⅛	9⅞
Marine Midland ⅛ 94	125	100⅛	+0⅛	9⅛
Marine Midland ⅛ 96	125	100⅛	+0⅛	9⅛
Megal Fin ⅛ 94 CU	100	99	0	9 5/16
Midland Intl ⅛ 89	125	100⅛	+0⅞	9 7/16
Midland Intl 0 91	150	100⅞	+0⅛	11
Midland Intl ⅛ 99	200	100½	+0⅛	10 7/16
Mitsui Fin ⅛ 96	100	100⅛	+0⅛	10⅛
Morgan Grenfell ⅛ 94	60	99⅛	−0⅞	9
MtgBkDnmrk ⅛ 94 £	90	100⅛	+0⅛	13 7/16
Nat Bk Canada ⅛ 91	90	100⅞	+0⅛	9⅛
Nat West Bk ⅛ 90	150	100⅛	−0⅛	9 5/16
Nat West Fin 0 91	125	100½	+0⅞	9 5/16
Nat West Bk ⅛ 92	100	101⅛	+0⅛	10⅞
Nat West Bk ⅛ 94	100	100⅛	0	9⅛
Nat West Fin ⅛*	385	100⅛	−0½	10⅛
Neste Oy ⅛ 94	100	100⅛	−0⅛	10
New Zealand ⅛ 87	350	100½	0	9⅛
NZ Steel Corp ⅛ 92	200	100⅛	0	9½
Nippon Cred Bk ⅛ 90	60	100⅛	0	9⅛
Oster Ln Bk ⅛ 99	100	100⅛	+0⅛	9⅛
Offshore Min ⅛ 86	100	100⅛	0	9 5/16
Offshore Min ⅛ 91	160	100⅛	0	9 13/16
Oka Bank ⅛ 92	90	99⅛	0	9⅞
Pirelli Fin ⅛ 94	50	98⅛	−1	10⅛
Portugal ⅛ 92	100	99⅛	0	9⅞
Quebec Hydro ⅛ 94	200	100⅛	0	9 5/16
Queensland Coal ⅛ 86	365	100⅛	0	10 5/16
Queensland Coal ⅛ 85	46	100⅛	−0⅛	10 5/16
Renfe ⅛ 91	100	100⅛	−0⅛	10 5/16
Royal Bank Scot ⅛ 94	75	100⅛	0	9 5/16
Sanwa Intnl ⅛ 92	150	100	+0⅞	9 7/16
Scandivia Fin ⅛ 93	70	99½	+0⅛	9 5/16
Scot Intl Fin ⅛ 92	100	100⅛	+0⅛	10 5/16
SEAT ⅛ 93	100	99⅛	−0½	9 5/16
Skopbank ⅛ 94	75	99⅛	0	9½
SNCF ⅛ 93 £	75	100⅛	−0⅛	12⅛
Soc Generale ⅛ 90	200	100⅛	0	10⅛
Soc Generale ⅛ 96	250	101	0	10 7/16
Soc Generale ⅛ 94	250	100½	0	10 5/16
Spain ⅛ 93	200	100⅛	0	10 5/16
Spain ⅛ 97	250	100⅛	−0⅛	10
Standard Chart ⅛ 90	100	100⅛	0	9 13/16
Standard Chart ⅛ 90	75	101⅛	+0⅛	10 11/16
Standard Chart ⅛ 91	100	100⅛	+0⅛	10⅛
Standard Chart ⅛ 94	200	100⅛	+0⅞	9½
Sumitomo Tst ⅛ 94	100	100⅛	0	9 5/16
Sweden ⅛ 85	150	100⅛	−0⅞	8 11/16
Sweden ⅛ 03	1bn	100½	−0⅛	10 7/32
Sweden ⅛ 24	500	100⅛	−0⅛	10 5/16
Sweden ⅛*	750	100⅛	+0⅛	9 7/16
Takai Asia ⅛ 89	150	100⅛	0	9 15/16
Toyo Trust Asia ⅛ 89	100	100⅛	0	9 11/16
TVO Power ⅛ 04	100	98½	−0⅛	10
Union Bank Norw ⅛ 88	50	97½	−1	9 11/32
Wells Fargo ⅛ 96	50	99⅛	+0⅛	9 7/16
Williams & Glyns ⅛ 91	75	100⅞	0	10 7/16
Yorkshire Int ⅛ 94 £	75	100	0	13⅛

CONVERTIBLE BONDS	Issued	Price	Chg. on week	Prem.
Ajinomoto 3 89	120	93	−6⅛	
Ajinomoto 5⅛ 96	40	125⅛	−8⅛	11.85
Asahi Denki 9⅛ 87	16	139	+2	−4.10
Brdgstne Tire 5½ 96	70	99	−1⅛	−1.75
Canon 6⅛ 94	00	268½	+9½	1.74
Canon 6⅞ 96	50	186⅛	+4⅛	3.05
Canon 7 87	90	210⅛	+4⅞	2.54
BBC Brown Bov 4⅛ 00	57	94⅛	+0⅛	−6.28
Bow Valley 8 95	40	120	+0⅛	94.84
Comsat Intnl 7⅜ 98	110	83⅛	+0⅛	21.01
Daiwa Secs 5½ 99	50	150⅛	−31⅛	−0.60
Dev Bank Sing 5½ 90	70	75	+1	6.85
Eidem 11⅛ 94	160	101⅛	+0⅛	117.40
Elektrowatt 5 98	52	87⅛	+4⅛	2.08
Fanuc 3⅜ 98	30	150	−1	35.61
Fujitsu 3 89	150	00⅛	+1⅛	10.38
Intec Inc 3 89	60	88	−7	0.96
Konishiroku 4 93	50	90⅞	−2⅛	0.19
Mitsubishi M 4⅛ 99	100	96⅛	−1⅛	−0.44
Moet-Hennessy 7 90	00	104½	+0⅞	3.46
Mumm Mfg 3½ 99	100	105⅛	−2⅛	19.90
Murata Mfg 3½ 00	100	104⅛	−1⅛	21.90
Nippon Oil 3⅛ 96	50	89⅛	+1⅛	11.36
Ono Phrm 3⅞ 89	00	110	−4	−3.09
Soc Gen Surv 4⅛ 94	61	87	+3	112.59
Sumitomo Corp 2⅞ 99	70	94⅞	0	−0.89
Texaco Capital 11⅛ 94	1bn	102⅛	+0⅛	34.98
Texaco Capital 11⅛ 94	500	102½	+1	34.82
Usair Finance 7 96	50	102⅛	−0⅛	11.14
Yamanouchi 4 90	50	177	−01	−13.20

YEN STRAIGHTS	Issued	Price	Chg. on week	Yield
Asian Dev Bk 5⅛ 88	15	96⅞	+0⅛	6.81
Asian Dev Bk 7⅜ 94	15	101½	+0⅛	7.13
Asian Dev Bk 8⅛ 91	15	104	−0⅛	7.40
Asian Dev Bk 8⅛ 03	16	105⅛	0	7.58
Australia 8½ 01	15	105⅛	0	7.44
Australia 8⅛ 92	15	105⅞	+1	7.55
Denmark 8⅛ 03	10	104⅛	+0½	7.34
Eurofima 6½ 00	10	100	−0⅛	6.50
Eurofima 7⅛ 94	10	101⅛	0	7.12
Eurofima 8⅛ 89	10	103⅛	+0⅛	7.52
Euro Invest Bk 7⅜ 96	10	102⅛	−0⅛	7.01
Euro Invest Bk 8⅛ 92	10	105⅛	−0½	7.30
Finland 9⅛ 87	15	101⅛	−1⅛	7.75
Finland 8⅛ 88	15	103⅛	0	7.39
IADB 7½ 94	16	101	0	7.34
IADB 8⅛ 91	15	107½	+0⅛	7.40
IADB 7⅛ 93	10	103½	+0⅛	7.30
New Zealand 7⅛ 90	15	100⅛	+0⅛	6.95
New Zealand 7⅛ 89	12	102½	0	6.93
New Zealand 8⅞ 87	15	103⅞	+0⅛	6.71
Sweden 8½ 90	15	102⅛	−1	7.93
World Bank 7 94	20	99⅛	+0⅛	7.10
World Bank 7⅛ 93	20	102⅛	+0⅛	7.19
Int Bank Rec Dev 8 93	20	104⅛	−0⅛	7.19
World Bank 8⅛ 92	20	106⅞	+0⅛	7.26
World Bank 8⅛ 91	20	108⅛	+0⅛	6.90

LUXFR STRAIGHTS	Issued	Price	Chg. on week	Yield
E Coal & Steel 7⅛ 89	600	96⅞	0	8.50
E Coal & Steel 7⅜ 89	600	95⅛	+0⅞	8.20
E Coal & Steel 10⅞ 94	1bn	102⅛	+0⅛	9.91
Euro Invest Bk 10½ 94	1bn	103⅜	+0⅞	9.86
Int Bk Rec Dev 10⅛ 89	1bn	103⅛	0	9.11

GUILDER STRAIGHTS	Issued	Price	Chg. on week	Yield
ABN 8 89	200	102⅛	0	7.31
ABN 7⅜ 89	150	101⅛	0	7.36
ABN 8⅛ 88	150	103⅜	+0⅞	7.41
Amro Bank 8 89	200	101⅞	0	7.42
Amro Bank 8⅛ 88	100	103½	−0⅛	7.67
BK Mees & Hope 8⅛ 88	100	102⅛	+0⅛	7.51
Beatrice Foods 8⅛ 88	100	101⅛	0	7.70
C C Rabo 9 89	100	101⅛	+0⅛	7.47
C C Rabo 9 88	100	104⅛	0	7.48
Denmark 8½ 91	100	102	−0⅞	8.07
Int Stand Elec 8½ 89	100	103	+0⅛	7.55
Ned Midd Bank 9 88	100	104⅛	0	7.44
New Zealand 8⅛ 98	100	102⅛	+0⅛	7.68

CANADIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
Br Col Prov 12 93	100	102½	+0⅛	11.43
Bqe Indosuez 14 91	75	108	0	12.76
Br Col Munc 13½ 91	100	105	−0½	12.27
Br Col Tele 12⅛ 88	70	100⅛	−0⅛	12.14
Farm Cred Corp 12⅛ 90	75	104	+0⅛	11.19
Int Bk Rec 12⅛ 90	75	104½	+0½	11.10
Montreal City 12⅛ 91	50	104⅛	+0⅛	11.27
Quebec Hydro 14 91	75	104⅛	+0⅛	12.81

ECU STRAIGHTS	Issued	Price	Chg. on week	Yield
Australia & NZ 10⅛ 91	60	104½	+0⅛	9.74
Oesterreich 10⅛ 93	100	106½	+0⅛	9.39
Cred National 11⅛ 91	50	107⅛	+0⅛	8.85
Denmark 10⅛ 91	75	105	+0⅛	9.58
Ebco Intnl 10⅞ 89	55	104⅛	+0⅛	9.47
EEC 10½ 91	00	102⅞	+0½	9.93
EEC 11 93	50	105⅛	+0⅛	9.56
EEC 11⅛ 91	50	108⅛	+0⅛	10.08
EEC 11⅛ 93	70	109½	+0⅛	10.22
Euro Coal & Steel 8 94	80	102⅛	+0⅛	10.20
Euro Invest Bk 10⅛ 89	50	107⅛	0	8.13
Euro Invest Bk 10⅛ 94	100	106⅛	0	9.64
Euro Invest Bk 11⅛ 92	75	106⅞	+0⅞	9.74
Euro Invest Bk 11⅛ 93	50	106½	+0⅛	9.94
Euro Invest Bk 11⅛ 96	50	106⅛	+0⅞	10.25
Gen Finance 11 90	70	105⅛	−0⅛	9.87
Gte Finance 10⅞ 92	50	107⅛	+0⅛	8.38
Int Bk Rec Dev 10⅞ 89	100	105⅞	−0⅛	8.62
Int Bk Rec Dev 11 93	90	106⅞	0	9.89
Italian Treas 11⅛ 90	60	105	0	10.23
Megal Finance 11⅛ 94	100	103½	+0⅛	10.93
Nippon Cred Bk 11 91	50	108⅛	−0⅛	9.71
Nordic Inv Bk 0 94	50	108⅛	+0½	10.18
Post Och Kred 10⅞ 92	50	101⅞	0	10.48
Royal Bk Can 10½ 89	85	107⅛	−0⅛	9.30
SNCI 10⅞ 94	60	104	+0½	10.17
Swedish Export 11 89	58	102⅞	−0⅛	10.06
West LB 10⅞ 91	50	108½	−0⅛	8.35

AUSTRALIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
AIDC 12⅛ 90	42	100	+0⅞	12.10
G J Coles 13½ 89	25	99⅛	−0⅛	13.73
Nat Aust Bk 12½ 89	40	96⅛	+0⅞	13.82
PIBA 12⅜ 89	50	96⅛	+0⅛	13.65
State Bk NSW 12⅛ 89	00	96	−0⅞	13.61
State Aust 13⅛ 87	24	99⅛	+0⅞	13.87

STERLING STRAIGHTS	Issued	Price	Chg. on week	Yield
Denmark 10⅜ 89	75	97⅛	+0⅛	11.60
Europemt 11⅛ 92	50	99⅛	+0⅛	11.45
EEC 11⅛ 94	60	101⅛	+0⅛	11.10
EEC 11⅛ 93	50	101⅜	+0⅛	11.53
Euro Invest Bk 10⅛ 92	75	97⅛	+0⅛	11.36
FFI 10⅛ 93	50	97⅛	+0⅛	11.22
Finland 11⅞ 88	60	103½	+0⅞	10.68
IADB 11⅛ 91	90	99⅛	+0½	11.46
Int Bk Rec Dev 10⅞ 89	100	98½	+0⅞	11.11
Int Stand Elec 11⅛ 89	50	101½	+0⅛	10.71
Inv In Indust 11½ 91	50	103	+0⅛	10.81
Ireland 11⅛ 94	60	97	+0⅞	11.93
New Zealand 10⅛ 88	100	97⅛	+0⅛	11.90
SNCF 11⅛ 94	60	98⅛	+0⅛	11.57
SNCF 11⅛ 89	30	100⅛	+0⅛	11.27

EQUITY WARRANTS	Expiry date	Price	Chg. on week	Prem.
Commerzbank DM	31/5/88	93	0	24.60
Ciba-Geigy Int £	1/11/93	265	0	160.71
C Itoh	20/1/87	12½	−30	7.60
C Itoh DM	4/5/89	40	+28½	6.56
Credit Suisse	31/5/88	19	+1½	8.02
Degussa Int DM	2/5/93	132	0	25.21
Deutsche Bank DM	18/6/91	153	+12	3.54
ICI Finance	1/8/90	356½	+10	220.56
IC Industries	15/6/88	17⅛	−57⅞	−11.27
Jusco	22/12/88	70	+4	40.90
Kayaba Ind	15/2/89	6½	−2	18.07
Minebea Co	20/2/88	34	−1	87.03
Mitsubishi Ch	20/1/87	55	−3	18.81
Mitsubishi Cp	7/11/88	10	−1⅛	15.79
Mitsui	10/12/87	22⅞	+2	3.59
Nippon Mining	17/3/89	81	−1⅛	34.80
Nissho Iwai	1/2/89	5	−2½	29.70
Nomura Sec	31/10/88	38½	−24½	−0.48
Omron Tateisi	31/3/89	10	−3	54.28
Onoda Cement	10/4/89	34	−21	−3.73
Philips Gloeil	15/7/88	15	0	19.20
Prudential O/S	15/12/88	100	0	616.67
Seagram Comp	16/9/88	11⅛	+0⅛	−26.49
Seine Trans	17/3/89	4	−3	28.04
Siemens Wntm DM	31/5/90	295	0	1.40
Sumitomo Cons	24/3/89	42	−1	38.90
Sumitomo Heavy	24/2/89	7½	−3	1.50
Swiss Bk Corp	20/12/88	28⅛	+0½	12.00
Tokyo Electric	14/3/89	5½	−4	57.76
Tokyo Sanyo	8/8/87	138	−1	63.72
Toray Ind	5/3/87	10	−3½	11.59
Veba Intnl	16/12/93	47	0	32.12

BOND WARRANTS	Expiry date	Price	Chg. on week	Ex. yield
Aegon Ies 11⅛ 91	14/2/88	14⅞	+8½	8.31
ANR Fin 16⅛ 89	16/9/87	50	−2½	1.64
Coca-Cola 11⅛ 01	28/11/88	34⅛	+1⅛	4.69
Commerzbk 11⅛ 88	17/7/88	82½	+9	−1.23
Denmark 11½ 93	15/12/88	21⅛	+3⅛	8.50
D Nemk Cr 11⅛ 91	1/2/88	10	+1	9.43
Dv Bk Sing 14⅛ 89	12/9/86	63	+13	−1.06
Du Pont 13⅛ 89	25/8/86	40	+8½	0.66
Eksportfinas 13⅛ 86	15/8/87	52½	+7⅛	0.44
Gen Elec 12⅛ 91	7/8/87	46	+6	3.77
IBM Credit 13 07	19/8/85	37⅛	+0⅛	−3.40
Inv In Inds 10½ 91	1/12/88	66	+3½	1.04
M Hanover 13½ 87	1/9/86	0		
McDnlds F 11½ 94	5/1/89	20	+0⅛	7.86
Morgan J.P. 10⅞ 90	16/8/87	10⅛	+3	8.01
Nordic In Bk 11 90	15/11/87	9	+1	11.78
Oester Lnbk 13½ 89	9/8/87	43⅛	+3⅛	2.04
Penney J.C. 10⅞ 90	15/10/87	0	+1⅛	8.52
Post-O Kred 11⅛ 90	15/11/87	9	0	9.80
Ryl B Scot 11⅛ 93	15/11/88	15	+2	0.48
Texaco 10⅛ 93	15/11/87	8	+1	2.82
Texaco Cap 12⅞ 92	1/9/87	40	+6	5.58
Thmsn-Brdt 13⅛ 91	29/8/86	40½	+0	5.49
Weyerhaeuser 11 90	15/11/87	10	+1	8.36
Xerox 13⅛ 87	15/8/86	37½	+27	−3.02

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions.

FLOATING RATE NOTES: U.S. dollars unless indicated. Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=current coupon.

CONVERTIBLE BONDS: U.S. dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.

WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.

* Perpetual.

Data supplied by Association of International Bond Dealers.

Closing prices on April 19.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

CORPORATE FINANCE

How Chevron avoided the 'scissors effect'

WHEN CHEVRON, one of the most conservatively financed U.S. oil giants, decided to buy Gulf Corporation for $13.3bn last year, it knew it was taking a gamble.

It was uncomfortably aware that the deal might be seriously undermined if crude oil prices continued to weaken and interest rates were to rise significantly. It would be caught by the so-called "scissors effect."

Some of its fears heve come true. Oil prices have softened further, and Well Street has formed a rather jaundiced view of the takeover. Chevron is currently capitalised in the stock market at $12.0bn, which is $1.3bn less than it paid for Gulf.

Although Chevron has no control over crude oil prices, it has moved quickly to protect itself against the other cutting edge of the scissors—rising interest rates. Indeed, over the next few years, Gulf's contribution to Chevron's bottom line will depend very much on how successful Chevron is in managing the $10bn in debt it has incurred to pay for Gulf.

Its first task was to reduce its dependence on the $14bn eight-year unsecured revolving credit term loan agreement which it used to pay for the Gulf shares. Chevron had $3bn of its own cash, and needed to draw only around $10bn down from the 68-bank credit line.

The next step was to re-enter the commercial paper market, after an absence of several years, with a programme through A. C. Becker. Although Chevron had lost its triple-A debt rating following the Gulf takeover, ite commercial peper ratings were unimpaired and from the middte of last summer it has been active in this market, issuing up to $5bn of paper which it has used to pay down the revolving bank credit.

Chevron reckons that it is currently saving around 50 basis pointe by using the commercial paper markets rather than its credit lines. As a result it is borrowing less than $1bn from the banks.

Its next task was to decide what to do about restructuring the debt on a longer-term basis. It looked at three different financing strategies: A continued roll-over of its short-term borrowings: a "match-and-fix" approach where it anticipated its future cash flows and fixed its loan maturities to those cash flows: and an opportunistic approach.

Chevron chose the last. As interest rates rose after the takeover, it stayed out of the capital markets in contrast to some other U.S. oil majors which were anxious to finance their acquisitions but, from August 1984 onwards, Chevron began to take advantage of the easier trend in rates to lock in large chunks of straight-forward, fixed-rate financing. It reckons that it has saved itself around 200 basis points on its financing costs by delaying its entry into the long-term capital markets until rates were heading downwards. Its objective is to finance three-quarters of its new debt burden at fixed rates and so far it has tied up some $3.3bn of fixed-rate financing.

In August it issued $1bn of three-year notes in the domestic market with a 12¾ per cent coupon. It followed this with a $600m five-year issue of 12¼ per cent Eurodollar notes in September and then raised another $1bn in the U.S. markets in October, consisting of $500m of four-year 11¾ per cent notes and $500m of 10-year notes with a 12 per cent coupon.

In 1985 it has raised $500m of five-year money with an 11 per cent coupon and privately placed $250m of four- and five-year 11¼ per cent and 11¾ per cent notes.

Chevron has not adopted any fancy financial footword, such as interest rate hedges and swaps, in its approach to the debt markets. It has also shunned the "bid" deal approach of some of its competitors, which have rung around the major investment banks and asked for the best price they can offer for a $500m, five-year issue for example.

The company argued that because of the scale of its financing needs and the volatility of interest rates, it was more appropriate to use one investment bank to place its paper widely and not risk having a large amount overhanging the market because the managers were too eggressive.

Chevron has used Salomon Brothers in the domestic market and Deutsche Bank in the Euromarkets to raise its new debt. In addition, it has retained Dillon Read to give it some dispassionate advice on its overall debt restructuring strategy.

It says that it probably has another $1bn or so of long-term financing to get under its belt and then the rest of the Gulf acquisition costs will be covered by some $4bn to $5bn of asset sales, plus e continued reliance on its commercial paper programme.

William Hall

CBS hits at financing of Turner bid

By Our New York Staff

CBS, the U.S. broadcasting group, is today expected to challenge the financing of the controversial $3bn bid for the company made by Mr Ted Turner, the Atlanta television entrepreneur, last week.

In filings CBS is due to make with the Federal Communications Commission, the regulatory body for the U.S. communications industry, the company is likely to concentrate on the risks involved in Mr Turner's offer, which is based on e hefty increase in CBS debt and the sale of some of its non-broadcasting assets.

The initial stock market response to Mr Turner's highly-geared offer has been sceptical, although CBS shares recovered some of their Thursday losses on Friday, moving up by 75 cents to $107.

Mr Turner, however, is pressing ahead with a determined assault on the broadcasting group. Turner Broadcasting, the company through which he has made his offer, has filed several law suits against CBS, charging it with trying to prevent shareholders exercising their rights and challengeng its recent anti-takeover moves.

Third-quarter setback at Wang Laboratories

BY TERRY DODSWORTH IN NEW YORK

WANG LABORATORIES, the U.S. office equipment manufacturer, suffered a sharp setback in its third quarter, with net earnings plunging by 66 per cent from $49.8m a year earlier to $17m in the three months to March. Sales increased by only 2 per cent from $543.5m to $552.7m.

The Massachusetts-based company said that its performance was adversely affected by the continued strengthening of the dollar during the period. In addition, it was hit by slower order growth, while profit margins were undermined by increased spending on sales and customer support, marketing programmes and new product development.

Wang's profits slump, the equivalent to a fall from 36 cents to 12 cents a share, came ae no surprise after earlier warnings by the company that its performance was being damaged by the combination of the dollar's strength and slowing orders. Two plants were shut down briefly in March, and 15 senior executives said they would take a 10 per cent pay cut.

Some analysts, however, had been expecting the earnings decline to be less severe, with forecasts of net income for the three months in the range of $30m.

With orders for the period up by only 2 per cent to $649.2m, Wang's results underline the slowdown in corporate capital expenditure which has become evident in the U.S. over the last few months.

The company added, however, that it expected the second half of calender 1985 to "present much greater opportunity than the present business climate," and that its fourth-quarter performance would improve on the third quarter.

For the nine months to March, earnings fell by 9 per cent from $136.4m, or 99 cents a share, to $124.4m, or 88 cents a share, while revenues increased by 17 per cent from $1.47bn to $1.72bn.

Marginal increase in earnings at BSN

BY DAVID HOUSEGO IN PARIS

BSN, the diversified French food and beverage group, recorded stagnant net consolidated earnings last year, largely because of the downturn in beer sales in Europe that followed the wet summer.

Consolidated profits rose by 2 per cent, which is below the French inflation rate, to FFr 755m ($85m) on the strength of a 9.6 per cent increase in turnover to FFr 27.3bn.

Net earnings by the drinks division, which includes both beer and mineral water interests, slumped by 36 per cent to FFr 168m as a result of both the wet summer and exceptional provisions made for the rationalisation of Societe Europeene des Brasseries, the brewing interests, which will take effect this year.

Otherwise BSN's milk-based products division—which manufactures yoghourts and desserts—sharply increased its net profits from FFr 94m to FFr 140m.

The packaging division, the bottle making interests of which reflect BSN's historical strength as a glass manufacturer, boosted net earnings by 15 per cent to FFr 99m.

On the basis of last year's results, the biggest profit earner in the group was the dried food division, which boosted net earnings by 13 per cent to FFr 201m. BSN had hoped in the course of the year to increase the size of the division through the purchase of Buitoni of Italy but was thwarted by an unexpected takeover by Sig Carlo de Benedetti, the Italian financier who is chairman of Olivetti.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Nippon Oil §‡	70	2000	15	3	100	Yamaichi Int. (Eur)	3.000
Nippon Sheet Glass §‡	40	1995	10	3	100	Daiwa Europe	3.000
Pacific Bell ‡	100	1992	7	11⅝	100	CSFB	11.625
IBJ ‡	100	1995	10	11½	100¼	IBJ Int.	11.457
Ferrovie Dello Stato †‡	420	1997	12	(A)	100	Lehman Bros.	—
Saitama Bank (B) Ø†‡	100	1995	10	1/16	100	Merrill Lynch	—
Denmark ‡	100	1990	5	11½	100	Morgan Guar.	11.500
Belgium (c) †‡	300	2005	20	⅛	100	CSFB	—
First Chicago (D) †‡	200	1992	7	10bp	100	Salomon Bros.	—
Denmark ‡	100	1989	4	11¼	100½	Morgan Stanley	11.218
Motorola ‡	100	1997	12	11½	99¾	Goldman Sachs	11.548
Yamamura Glass ¶	25	1990	5	(5¼)	100	Yamaichi Int.	*
Lonrho §	40	2000	15	(6)	100	Nomura Int.	*
Texaco Capital Inc. ‡	250	1995	10	11⅛	100	UBS (Secs)	11.125
Amex Credit ‡	100	1990	5	10⅞	99⅞	Lehman Bros.	10.909
Sweden ‡	200	1990	6	10⅞	100	SBCI	10.875
G.E.C.C. ‡	200	1989	4	10¼	100	Lehman Bros.	10.250
R.B.C. ‡ (F)	100	1990	6	11¼	102½	Orion Royal Bank	11.25
IADB ‡‖	200	1995	10	11⅜	100	Kidder Peabody	11.375
Council of Europe ‡	75	1990	6	11	100¼	Morgan Guar.	10.932
Jyske Bank †‡ (E)	40	1994	9	(e)	100	Nomura Int.	—
SWISS FRANCS							
Mitsubishi Belting ** §‡	20	1990	—	1⅝	100	Bqe Paribas	1.625
TransCanada Pipe ‡	150	1995	—	5¾	99¾	UBS	5.784
Oki Electric** §‡	80	1990	—	1½	100	SBC	1.500
Daicel Chemical**§‡	30	1990	—	1½	100	UBS	1.500
FGH Mortgage Bank ‡	50	1997	—	6⅞	100¼	Bqe Gutzwiller, K.B.	6.845
Nippon Oil**§‡	100	1990	—	1½	100	Credit Suisse	1.500
Chugoku Elec	100	1995	—	(5⅞)	*	Credit Suisse	*
Ushio**	100	1990	—	(1⅝)	*	SBC	*
Sogo Denki Co. Ltd**	40	1990	—	(6⅛)	*	Handelsbank	*
Meiko Elec.**‡	16	1990	—	6	100	Citicorp (Switz)	6.000
Daiwa Danchi**§	50	1990	—	(1¾)	*	UBS	*
Hoogovens** ‡	75	1992	—	6	100	UBS	6.000
S.Africa Transport** ‡	50	1990	—	6⅜	100	SBC	6.375
FRENCH FRANCS							
ECSC ‡	300	1992	7	11¼	100	BNP	11.250
LUXEMBOURG FRANCS							
World Bank ‡	1bn	1990	5	9¼	100	Bqe Gen Du Luxem.	9.250
D-MARKS							
Mortgage Bk. Denmark ‡	150	1995	10	7⅝	100	West LB	7.625
Ind. Dev. Corp. S.Africa** ‡	60	1992	7	8¼	100	Commerzbank	8.250
Belgium** ‡	100	1992	7	7½	—	West LB	—
World Bank** ‡	200	1992	7	7¼	99¾	DG Bank	7.297
Ireland ‡	150	1997	12	7¾	100	Commerzbank	7.750
ECUs							
World Bank** ‡	60	1992	7	9½	100	DG Bank	9.500
West LB Fin. ‡	70	1990	4½	9½	99⅞	West LB	9.533
Eurofima ‡	50	1993	9	9⅜	99½	BBL	9.467
YEN							
Sweden ‡	50bn	1995	10	7.3	100	Nomura Secs.	7.300
Credit Foncier ‡	30bn	1995	10	7.3	100	Yamaichi Secs.	7.300
Bank of China ‡	20bn	1995	10	7.1	100	Nomura Secs.	7.100

* Not yet priced. ‡ Final terms. ** Private placement. § Convertible. † Floating rate note. ¶ With equity warrants. ØMis-match. ‖ Registered with S.E.C. (A) Lower of 1 month libor +10 Bp or 9 month libor +1/16. (B) 1/16 below Libid. (C) ⅛ over 1 month Libor, fixed monthly, payable quarterly, or 3/16 over 3 month Libor. (D) 10 Bp over 3 month Libor. (E) Mis-match at 6 month Libor refix monthly, payable 6 monthly, if 1 month Libor is equal to or higher than 6 month Libor fixes for 6 months. (F) With debt warrants. Note. Yields are calculated on AIBD basis.

UK COMPANY NEWS

Domino seeks 50% growth in Europe and Far East

BY TERRY GARRETT

The full prospectus is published today for the offer for sale by Hill Samuel of nearly 5.5m ordinary shares in Domino Printing Sciences at 200p a share raising o total of £11m.

Domino's business is the manufacture of continuous ink jet printers and the supply of specialist inks for use in the packaging and printing industries. It has just won the Queen's Award for Technological Achievement.

A large proportion of sales go to the food and drink sectors, where customers require fast, efficient non-contact printing on packaging which may be uneven and delicate.

Its ink jet printers are also selling to the pharmaceutical and cosmetics sectors and in use with industrial and electronic components manufacturers.

Domino is the leading supplier of its type of equipment in the UK and Western Europe. Its major competitor on a world-wide basis is A. D. Dick, but Dick's sales in Europe have been affected since 1983 by the loss of its principal distributor, American Technologies, which no longer handles Dick's products in Europe, having teamed-up with Domino.

American Technologies distributes Domino's products in the American and the Australian continents and will soon start manufacturing under licence.

Dick maintains a strong position in the U.S. and has licensed Hitachi in Japan to manufacture its machine. In addition there are a number of small European manufacturers offering similar products to Domino.

In the year to October 1984 Domino's profits rose sharply to £1.84m pre-tax. No forecasts are being made for the current year,

but current trading remains buoyant and the directors are looking for a 50 per cent growth rate for its European and Far Eastern markets this year. The U.S. is also expected to show strong growth.

The historic p/e, at issue price, is 23.3 on the basis of an actual tax charge. The notional dividend yield is 1.25 per cent.

Of the shares being sold—raising £11m in all and valuing the company at £26.2m — 1.5m are new shares raising a net £2.4m for the company. The balance is a mixtures of shares to pay for the 49 per cent interest American Technologies held in Domino Amjet and shares being sold by existing holders, including part of 3i's stake.

Brokers to the issue are Rowe & Pitman.

● comment

Domino's customers are operating largely in mature industries but that does not mean there is not a rapidly expanding market for its products. Quite the reverse, with increasing EEC legislation on food and drink date stamping and the shift towards bar coding for better stock control, Domino's products are a relatively cheap problem solver in a large number of areas. But if Domino is not a "one product" company it is at least a "one core technology" company which raises the hazard of competition. Domino has temporarily thwarted its major competitor, Dick, in the European market; but others, and Dick, are bound to increase their efforts given the intrinsic growth of the market. Domino's relatively larger and expenditure shows its commitment to staying ahead but, assuming the worse, the market can probably absorb some competitors' products without serious damage to Domino. It looks like a reasonably attractive company for investors and profits this year could reach around £2½m, dropping the prospective earnings multiple to around 15. That is a fair rating, all things considered, and the shares will find no shortage of takers.

CHANGES IN SHARE STAKES

Changes in company share stakes announced over the past week include:

Cattle's (Holdings) — On April 16 R. W. Chapman, joint managing director, sold 35,000 ordinary shares at 32½p per share chairman, has disposed of 1.75m from his beneficial holding. On April 17 A. R. Muir, joint managing director, sold 50,000 ordinary shares at 32½p from his beneficial holding.

Home Charm — H. E. Fogel, shares held beneficially ann 500,000 shares in which he had an interest through a voting trust agreement. All were sold at 344p per share and were placed with nine institutions. Mr Fogel's beneficial holding has been reduced from 22.8 per cent to 18.8 per cent and his interest, through the voting trust, has been reduced from 2m shares to 1.5m.

Walker & Homer Group — On April 15 D. R. Mears, a director, sold 53,000 shares, and on the same day J. D. Payne, also a director, sold the same amount.

Hardanger Properties — Mr T. N. Siviter, a director, has disposed of 100,000 ordinary shares and K. E. Maslen, also a director, has disposed of 10,000 ordinary shares.

Granville & Co. Limited

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Over-the-Counter Market

Capitalisation £000's	Company	Price	Change on week	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
4,879	Ass. Brit. Ind. Ord.	143	—	6.6	4.4	7.9	9.5
—	Ass. Brit. Ind. CULS	149	—	10.0	9.7	—	—
3,300	Airsprung Group	57	—	6.4	11.4	8.2	7.4
850	Armitage and Rhodes	34	—	2.9	6.5	4.2	7.0
44,570	Bardon Hill	143	−1	3.4	2.4	14.4	24.0
2,880	Bray Technologies	52xd	−1	3.9	7.5	6.3	7.3
1,970	CCL Ordinary	170	—	12.0	7.1	—	—
—	CCL 11pc Conv. Pref.	110	—	15.7	13.6	—	—
6,229	Carborundum Ord.	1040	+15	49.0	4.7	5.1	6.0
618	Carborundum 7.5pc Pf.	88	—	10.7	12.2	—	—
3,913	Deborah Services	50	−1	6.5	13.0	4.8	7.7
20,157	Frank Horsell	314	—	—	—	12.6	19.6
—	Frank Horsell Pr.Ord.87	266	—	8.8	3.5	10.7	14.0
4,045	Frederick Parker	28	+1	—	—	—	—
1,052	George Blair	57	−1	—	—	3.8	7.7
884	Ind. Precision Castings	22	−1	2.7	12.3	9.0	6.5
14,839	Isis Group	189	—	15.0	7.9	7.5	13.6
5,462	Jackson Group	105	—	4.9	4.7	4.9	9.5
33,834	James Burrough	244	—	13.7	6.6	8.7	8.7
2,947	James Burrough 9pc Pf.	85	—	12.6	15.2	—	—
9,066	John Howard and Co.	87	+1	6.0	6.7	8.9	10.9
3,680	Linguaphone Ord.	215	+5	—	—	7.9	8.2
—	Linguaphone 10.5pc Pf.	98	+1	15.0	15.3	—	—
17,694	Minihouse Holding NV	650	—	3.8	0.6	46.8	51.2
500	Robert Jenkins	49	+3	5.0	10.2	—	—
1,380	Scruttons "A"	33	—	6.7	17.3	17.4	4.0
1,855	Torday and Carlisle	76	−1	—	—	6.2	17.3
1,541	Trevian Holdings	340	—	4.3	1.3	19.3	16.0
4,553	Unilock Holdings	29	+1	1.3	4.5	14.0	20.3
12,281	Walter Alexander	96	+2	7.5	7.7	9.6	11.7
5,088	W. S. Yeates	216xd	+2	17.4	8.0	6.2	10.7

Prices and details of services now available on Prestel, page 48146

FINANCIAL TIMES STOCK INDICES

	Apr. 19	Apr. 19	Apr. 17	Apr. 19	Apr. 15	Apr. 16	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Government Secs.	81.88	92.00	91.58	91.85	81.77	91.40	82.00	79.02	167.4	49.19
Fixed Interest	86.14	86.05	85.79	95.80	85.58	85.68	86.14	82.17	150.4	50.53
Ordinary	978.8	991.5	988.9	979.6	077.0	967.9	1024.6	928.7	1024.5	46.4
Gold Mines	615.2	607.2	661.0	555.5	536.9	555.6	656.9	459.6	734.7	43.4
FT Act. All.Share	925.47	628.92	626.59	620.64	660.05	614.73	630.16	581.88	630.16	61.96
FT-SE100	1299.7	1304.0	1304.0	1290.9	1288.6	1275.9	1309.9	1206.1	1309.2	986.0

Thomas Marshall modest rise to £0.48m

A MODEST INCREASE in pre-tax profits from £353,307 to £481,696 has been shown by Thomas Marshall (Loxley) for 1984. Mr R. D. Hart, chairman, says that this fireclay refractory manufacturer is "already off to a good start in 1985," with a better level of demand being enjoyed by most subsidiaries.

He points out that the group was reshaped in 1982 and 1983 to make it more responsive to market demands, and having withdrawn from loss making merchanting activities in 1984 the directors look to the future with greater confidence.

A final dividend of 1.2p brings the total to 2.4p, which compares with a single payment last time of 1.2p. Earnings per share are shown as 6.2p (6.26p).

Turnover increased from £15.65m to £17.45m.

The advance masks a much greater improvement in results flowing from the group's principal manufacturing activities, says Mr Hart, which has been offset by the necessity to write off heavy trading losses (£573,911) in withdrawing from an involvement in marketing industrial and domestic fuels in Eire.

Marshall Refractories, which serves the steel industry, has in recent years suffered from the repeated reductions in steel production both in th UK and overseas, and the company has had to be reshaped. The company recovery progressed and it only just failed to meet turnover and profit targets.

Carborundum over forecast with £1.5m

AGAINST THE forecast of £1m, Carborundum has achieved a pre-tax profit of £1.5m for 1984. The forecast was made at the beginning of last year when this Manchester-based manufacturer of abrasive materials was the subject of an institution-backed management buy-out.

After tax of £239,000—mainly ACT on the dividend because of carried forward losses both in the UK and Germany—net profits amount to £1.27m for earnings per share of 202p. A final dividend of 30p is recommended following payment of a 4p interim.

Mr Trevor Egan, chairman and chief executive, tells shareholders in his annual report that although the European business climate was erratic throughout last year, there was a general underlying improvement in demand for the group's products. Sales for the year came out at £42.4m.

Turning to the future, Mr Egan says that business activity in the first quarter of 1985 has confirmed the improved demand for the group's products.

F.T. Share Information

The following securities have been added to the Share Information Service:—

Hillsdown Holdings (Section: Food, Groceries), Lyle Shipping (Pfd Ord) (Shipping), Sangers (Ordinary & 11pc Conv Uns Loan Stock 1994-2002) (Industrials), Shorrock (Electricals), Sweden (Kingdom of) 11pc Loan Stock 2012 (Intl Banks & O'seas Govt Stlg Issues), Tricentrol 11pc Conv Uns Loan Stock 1995-2005 (Oil and Gas).

Sherwood Computer joins USM via £2m tender offer

BY FRANK KANE

Sherwood Computer Services, which provides facilities for insurance underwriters and includes 40 per cent of Lloyd's underwriting syndicates among its clients, is to come to the USM by way of a tender offer of 1.41m shares of 10p each at a minimum price of 145p per share.

The shares to be issued, of which 600,000 are coming from the company, represent 39 per cent of the enlarged equity, and will give the company a minimum market capitalisation of just over £5m.

Mr Terry Dicken, the chairman, said that the flotation would provide greater flexibility in financing future growth, which he expected to follow the deregulation of financial services and the divestment of Lloyd's agencies. His company's activities would also benefit from the overall growth of Lloyd's business and the move to a new building with high technology facilities.

Sherwood, based in Romford, Essex, was founded in 1970, and in 1978 developed the Spartacus computer systems which provided insurance companies with access to information on risks taken. Four years later there followed the more advanced Sabre system to provide real-time facilities for insurance syndicates.

Mr Dicken estimated that insurance companies now comprised one-third of its total clients, with the rest made up of syndicates, underwriters, and the Corporation of Lloyds itself. He identified brokers as a possible avenue for the expansion of the company's business.

Pre-tax profits have shown a general rising trend from £108,000 in 1980 to £330,000 last year, with a slight downturn in 1982. Over the same period turnover rose from £2.99m to £5.84m. For the current year the company is forecasting profits of not less than £550,0000, and a total dividend of 2.75p.

Brokers to the issue are Laurence Prust. Dealings are expected to start on Thursday, May 1, following the dispatch of letters of acceptance the previous day.

● comment

Laurence Prust is obviously hoping that Sherwood will follow in the footsteps of its two recent successes in the computer field, Micro Focus and Microgen, and many of the early pointers are favourable. Certainly you cannot fault the timing. The City revolution will undoubtedly create an even greater demand for fast, accurate and confidential information; and Lloyd's move in to the hi-tech world would seem a ready-made market for Sherwood. It has the flexibility to exploit the diverse opportunities this will present, offering, as it does, a complete range of services from bureau facilities to full-blown turnkey operations. It is less easy to understand how such a potentially dazzling market has been neglected by larger and more established concerns, and whether competition might not appear on the horizon as soon as the possibilities are obvious. The tender at 145p is not the sale of the century, but with such a small number of shares on offer the consensus is that they will go at around 170p.

Kalamazoo

Based on a current cost accounting basis and before taking in the KWA bonus the Kalamazoo Group swung from losses of £178,000 to profits of £101,000 pre-tax in the six months to February 1 1985.

As last year, the directors expect the second half to be more profitable, reflecting the seasonal pattern

Full year profits are likely to be similar to last time's £1.58m and with this in mind the net interim dividend is held at 0.5p per 10p share.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
$155	F.P.	9/5	172	155	✣Assoc. Steel Dist. £1	168	...	u8.0	2.1	6.9	11.6
$82	F.P.	10/4	79	68	✣BTS 10p	73	+1	bg4.4	2.0	8.7	9.4
¶185	F.P.	3/5	225	170	✣Bedford (William) 5p	173	−2	n3.5	2.6	2.9	18.2
¶112/30	F.P.	17/5	116	100	Blagden Inds.	112	+1	7.2	1.0	0.2	7.6
$60	F.P.	3/4	88	70	✣Crown Int'l. Prod 10p	80		bg2.1	1.6	3.8	22.5
—	F.P.	—	42	37	German Small. Wrrts.	41	+1	—	—	—	—
£82	F.P.	3/5	85	80	✣Laidlaw Thomson	80	−1	g5.5	0.0	6.2	11.2
¶145	F.P.	26/4	172	156	Mann 20p	170		bg3.6	2.8	3.9	17.5
175	F.P.	15/6	210	188	New London Oil 5p.	188	−7	—	—	—	—
$113	F.P.	—	119	116	✣Norscot Hotels 50p.	115	−5	—	—	—	—
100	75	1/5	78	70	Pacific Assets Tst. 50p	76	...	—	—	—	—
—	F.P.	—	44	39	Do. Ser. 1 Warrants	45	—	—	—	—	—
¶¶	F.P.	—	90	73	P.&O. Warrants	80	+2	—	—	—	—
100	F.P.	16/4	107	96	✣Pepe 10p	98	+5	u3.0	2.5	4.9	11.6
£7.25	F.P.	26/4	750	685	Plantation Tst Units:	685	...	—	—	—	—
—	F.P.	26/4	95	85	REA Warrants	80	+5	—	—	—	—
110	F.P.	—	114	109	Scott Greenham 10p.	109	−2	bg5.0	0.4	5.0	14.2
¶175	F.P.	8/5	175	170	Sintrom 10p	175	...	ug1.84	3.3	1.5	28.9
150	F.P.	—	145	140	✣Wayne Kerr 10p.	144	...	u1.5	4.2	1.8	22.0

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
$101	£61	16/2	54½	60	Felixstowe Dock Prf. Units †	54½	.....
96.81	£30	10/6	31½	65	Int.-Am. Dev. Bk. 9¾Ln. 2016	61⅛	−⅛
¶100	£10	23/6	13¾	10	Mid Southern Wtr. 9% Red. Prf. 1990	13¾	.....
—	F.P.	—	100⅝	99¾	Nationwide Bldg. Soc. 10⅝% 31/3/86	100⅝	+⅛
—	F.P.	—	100¼	100	Do. 12¼% Bds. 01/4/86	100	−¼
—	F.P.	26/4	97	93	REA Hldgs. 9% Cum. Pref.	97	+2
¶¶	F.P.	26/4	111	105	Sheafbank Prop. 6% Cum. Conv. Prf.	105	.....
42.890	£50	12/7	36⅝	30	Spain (Kingdom of) 11¾% Ln 2010	36¼	−⅛

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
82	Nil	31/5	61pm	14pm	Aaronson Bros. 10p	31pm	+1
60	Nil	14/6	23pm	11pm	BBA	23pm	+2
150	F.P.	14/6	372pm	325pm	Barclays £1	353	...
140	Nil	7/6	22pm	15pm	✣Berkeley Group	19pm	+1
178	Nil	15/6	67pm	15pm	Bespak 10p	67pm	+15
65	F.P.	17/5	288	238	Bullough 20p	285	+2
38	Nil	16/5	11½pm	5½pm	FKI Electricals 10p	11½pm	+2½
245	F.P.	31/5	323	300	Fisons	308	+5
238	F.P.	10/5	273	255	Glass Glover 5p	267	+2
70	F.P.	4/6	76	65	Jackson Explm. I	65	.....
66	Nil	15/5	4½pm	3pm	Mitchell Cotts	4½pm	.....
185	F.P.	14/6	206	195	Morgan Crucible	206	+1
49lr.	Nil	—	10pm	10pm	††Oliver Prospecting	10pm	.....
7	F.P.	10/5	17pm	14pm	Ryan Intl. 5p	16½	.....
11	Nil	4/6	½pm	½pm	Second Market Inv. 5p	½pm	.....
190	F.P.	31/5	208	195½	STC	204	−4
158	F.P.	14/6	182	168	United Biscuits	179	−3
240	F.P.	15/5	268	245	Watmoughs	250	+5
220	Nil	23/5	105pm	83pm	Wolstenholme Rink	83pm	−12
16	Nil	17/5	4pm	3pm	Worthington (A. J.)	3pm	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment letters or fully-paid. ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ⊕ Figures or report awaited. ‡‡ Units comprising 5 Ord., 1 Warrant and £2.50 nominal of conv. stock.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
Akroyd and Smithers	May 8	Interim 5.714	*Laing (J.)	Apr 24	Final 3.75
Allied Irish Banks	May 23	Final due	Land Securities	May 17	Final 4.91
Assoc British Foods	May 21	Final 3.4	London and Northern	May 23	Final 7.8
*Aust and NZ Banking	May 20	Interim 15c	Marks and Spencer	May 1	Final 4.2
*BCI	Apr 25	Final 13.0	*Menzies (J.)	Apr 29	Final 4.0
BOC	May 10	Interim 3.15	Minet	Apr 26	Final 2.45
*Bank of Ireland	May 16	Final 12.0	Morgan Crucible	Apr 12	Final 4.0
*Bank of Scotland	Apr 22	Final 16.5	Mowlem (John)	May 4	Final 9.0
Barrow Hepburn	Apr 18	Final 1.4	Nurdin and Peacock	Apr 24	Final 2.1
Bass	May 23	Interim 3.3	Plessey	May 24	Final 2.24
*Bilton (P.)	Apr 22	Final 6.493	RHM	May 22	Interim 1.6
Boots	May 23	Final 3.5	*Rayback	Apr 30	Final 0.5
British Home Stores	May 6	Final 4.25	Royal Bank Scotland	May 10	Interim 3.2
Coalite	May 9	Final 8	Sainsb'y (J.)	May 22	Final 5.1
*Debenhams	May 9	Final 5.3	*Samuel Props	Apr 25	Interim 1.5
European Ferries	May 9	Final 2.7	Saatchi and Saatchi	May 1	Interim 5.64
Extel	May 24	Final 9.0	Sears	May 16	Final 1.8
*Flight Refuelling	Apr 26	Final 1.6	*Simon Eng	Apr 29	Final 10
*Fosoco Minsep	May 1	Final 4.7	Stakis	May 22	Interim 1.0
French Kier	May 2	Final 5.725	*Tarmac	Apr 30	Final 10.0
Gerrard and Nat Discount	May 10	Final 9	Tootal	May 4	Final 1.4
Grand Metropolitan	May 16	Interim 3.7	United Scientific	May 16	Interim 2.0
Guinness Peat	May 17	Interim 0.8	Whessoe	May 14	Interim 2.5
Hall (M.)	Apr 17	Final due	Whitbread	May 22	Final 4.4
Heath (C. E.)	May 17	Final 11.75	*Wimpey (G.)	Apr 25	Final 2.2
*Inchcape	May 2	Final 11	Wolverhampton & Dudley Brws	May 24	Interim 2.55

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Allied London Properties, Cradley Print.

Finals: Arrow Chemicals, Bank of Scotland, Percy Bilton, C. D. Bramall, EIS, Edinburgh Investment Trust, Folkes Group, Goal Petroleum, Laurence Gould, Honda Motor, Pentherelle, Viking Resources Trust.

FUTURE DATES

Interims—

Epicure	Apr 25
Perara Stores	Apr 29
Samuel Properties	Apr 25
Scottish Cities Invest. Trust	Apr 23

Finals—

Anchor Chemical	Apr 25
Lilley (F. J. C.)	May 2
Quick (H. and J.)	Apr 25
Ohlloh	May 1
Walker (J. O.)	Apr 25
Wire and Plastic Products	Apr 25

Clerical Medical

15 St. James's Square, SW1Y 4LQ 01-930 5474

Executive Investment Pension Plan

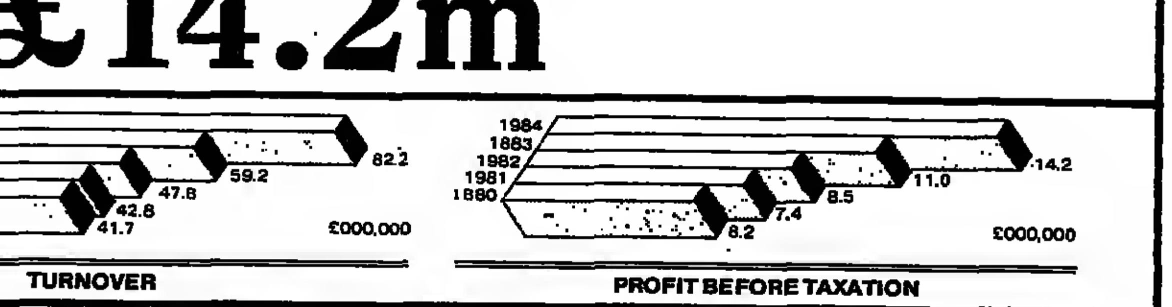
	Bid	Offer	Change
Cash Fund	118.2	124.5	+0.3
Mixed Fund	146.3	154.1	+1.1
Fixed Interest Fund	123.7	130.3	+1.9
UK Equity Fund	163.2	171.8	+3.0
Property Fund	115.0	121.1	+0.2
Overseas Fund	147.1	154.9	−5.0
Index Linked Fund	102.3	107.7	—
Stock Exchange Fund	118.5	124.8	+0.8
North American Fund	97.7	102.9	−1.8
Far East Fund	90.7	95.5	−6.9
Special Situations Fund	100.5	105.8	−0.9

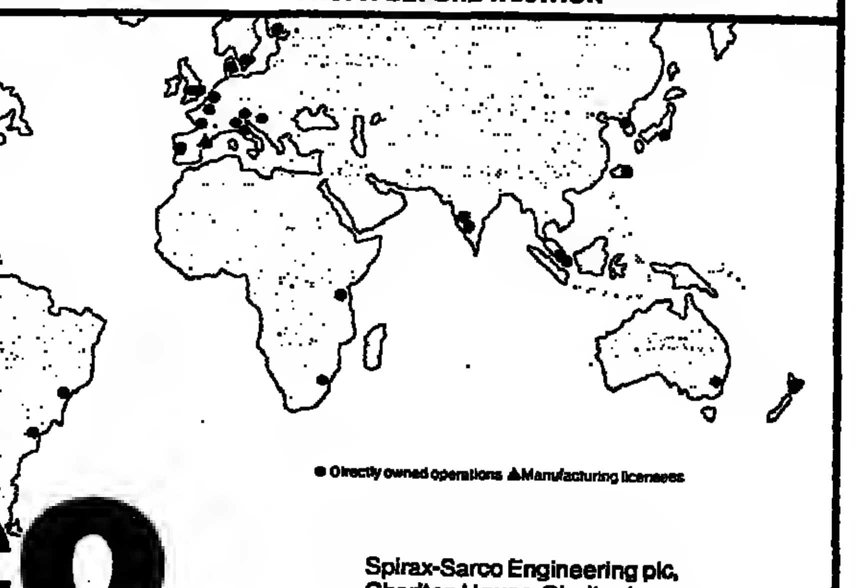
Prices 17th April 1985 Unit dealings on Wednesday

Clerical Medical Managed Funds Limited

	Bid	Offer	Change
Cash Fund	145.8	145.9	+0.4
Mixed Fund	212.5	217.8	+1.6
Fixed Interest Fund	194.1	197.0	+2.8
UK Equity Fund	238.7	245.9	+4.2
Property Fund	131.4	137.3	+0.2
Overseas Fund	220.0	231.0	−7.5
Index Linked Fund	115.9	117.8	−0.1
Stock Exchange Fund	122.1	125.2	+0.8

Prices 17th April 1985 Unit dealings on Wednesday
Initial unit prices available on request, telephone 0272 290566





CONTRACTS

£5.3m awards for Clugston

CLUGSTON CONSTRUCTION has received orders worth £5.3m for two construction developments in Yorkshire and Humberside. The largest is a £3.5m indoor resort at The Promenade, Bridlington, for East Yorkshire Borough Council. The project involves alterations and renovations *to existing* theatre and swimming pool buildings, together with the construction of a new *surfing* and leisure swimming pool and multi purpose recreation area. The civil engineering work comprises the new Hull Northern Orbital Road for Humberside County Council. Valued at £1.8m, work involves the construction of a dual carriageway between Ferensway and *George Street in the centre* of Hull.

Tractor Shovels wins £10.9m Scottish orders

TRACTOR SHOVELS, the Scottish earthmoving arm of London and Northern Group, has been awarded a contract worth £5.27m to construct phase 2 of the East Fife Regional Road. The 3.6 km dual carriageway starts at Cowdenbeath Interchange and terminates south east of Lochgelly. It traverses part of the West Fife coal field, which was extensively worked by both opencast and deep mining techniques and a major feature of the contract is ground consolidation work. The road has been designed by and construction will be supervised by Fife Regional Council as agent for the Scottish Development Department.

Tractor Shovels has also been awarded a £5.64m contract to construct a section of single carriageway trunk road on the A82 at Loch Lomondside. The construction of 4.4 km single carriageway (Camuna Nan Clais to Hollybank) involves the excavation of around 220,000 cm of unsuitable material and 450,000 cm of rock. Surplus rock from *the roadworks cuttings is* to be used to form advance earthworks for a subsequent roadworks contract on the shores of Loch Lomond and around 175,000 cm will be placed by barge. The client is the Scottish Development Department.

*

BERNARD SUNLEY & SONS has secured a light industrial and retail development contract at 13-14-15 Newburgh Street, London, W1, valued in excess of £550,000 for Peachey Property. Work comprises the demolition and site clearance of the existing premises complete with outbuildings and external division walls to the rear. The building will provide retail accommodation at basement and ground floor levels and light industrial accommodation at first, second and third floor levels. The project includes external pavings, drainage, service mains and other ancillary works.

*

WALTER LAWRENCE (CITY) has commenced, on behalf of *the Royal Borough of Kensington* and Chelsea, the £187,000 phase 1 refurbishment of Holmefield House, a block of flats situated between Kensal Road and Hazlewood Crescent, in Kensington, London, W10. Work will be carried out in three phases, commencing with the demolition of an old, inadequate refuse chute, the construction of four new larger chutes and the decoration of the refuse area in order to create a more attractive, hygienic appearance and to facilitate easy cleaning.

APPOINTMENTS

Britannia Building Society top posts

BRITANNIA BUILDING SOCIETY has made two appointments following the retirement of chairman Sir Hubert Newton. Mr John Quipp becomes chairman and Mr Edward W. Wallaker becomes deputy chairman. Sir Hubert Newton has been appointed president.

*

Sir James Black has been appointed to the board of EFAMOL as a non-executive director.

*

Mr W. C. Drysdale has been appointed managing director of VFP FLUID POWER, a subsidiary of Aerospace Engineering. He became a director in January 1984.

*

At CLIFFORD-TURNER Mr S. M. Lewis, Mr A. H. M. Bankes-Jones, Mr S. R. Aldred, Mr J. Baird, and Mr R. W. Moore will be joining the partnership on May 1.

*

Sir Hew Hamilton-Dalrymple has been appointed chairman of THE SCOTTISH AMERICAN INVESTMENT CO. Sir Hew is vice-chairman of Scottish and Newcastle Breweries. He succeeds Mr P. W. Turcan, who continues as a director.

*

United Newspapers has chairman, Mr Andrew Shanks, chief executive of UNITED MAGAZINES. The board will be Mr Gordon Linacre, chairman, Mr Clifford Jakes, deputy chairman, Mr Andrew Shanks, Mr Derek Barton, chairman and managing director of Farming Press, Mr Peter Cosgrove, managing director of Link House Magazines, and Mr Brian Knox-Peebles, publisher of Punch and group marketing director of United Newspapers. Mr Shanks, who takes up his appointment in June, is managing director of the business magazine division of International Thomson Publishing.

*

Miss Jane E. Hodge has been appointed to the board of COMMERCIAL BANK OF WALES. She is an independent consultant with a special knowledge of small companies and businesses.

*

Mr Basil Wood has retired as deputy chairman and director of LONDON EXPORT CORPORATION. Mr Jim Sluszny, director since 1969, has been appointed deputy chairman. Mr Cedric Denetto, who joined in September 1984, has been appointed a director with responsibilities for the tea department.

*

Mr Philip Langley-Essen, chief executive of the NEWCASTLE BUILDING SOCIETY for the past 19 years, has joined the board as managing director.

*

ROLLS-ROYCE LIMITED has appointed Mr Harold Mourgue, vice-chairman of Thorn EMI, as a non-executive director from May 1.

*

Mr Raymond Gibney is the new chief manager of LLOYDS BANK'S Business Advisory Service. He succeeds Mr Colin Jones who has been appointed manager of Lloyds Bank Cannon Street branch.

*

HILL AND KNOWLTON has made appointments in its corporate and financial communications company in London. Mr John Mattison is joining the board of Hill and Knowlton (Corporate) and becomes head of the financial division on April 29. Mr Mattison has been with Lopex Public Relations as a director since 1979 specialising in financial public relations. Mr John Goold is also joining Hill and Knowlton (Corporate) as an account director from Lopex, where he worked with Mr Mattison.

New partners at Touche Ross

TOUCHE ROSS & CO has admitted the following partners in London: Mr Nigel G. Atkinson, Mr Michael T. Barford, Mr David Goldsmith, Mr Nigel R. Johnson, Mrs Elizabeth M. Martin, Mr T. Minnow Powell. Dr John Hampson (Manchester) and Mr Marshall W. Miller (Glasgow) have also become partners. The following partners have been admitted to Touche Ross & Co's management consultancy in London: Mr Peter C. Catchpole and Mr George V. Westropp.

*

Mr Keith Hobson has been appointed general manager—European operations for PERKIN-ELMER DATA SYSTEMS, part of Perkin-Elmer Corporation. He was managing director and general manager of Perkin-Elmer Data Systems Australia and New Zealand, based in Sydney.

*

Dr Michael J. Lieberman has been appointed to the board of BRENT CHEMICALS INTERNATIONAL. He remains chairman of the food, beverage and packaging division of Brent Chemicals International.

*

Mr John Myland, managing director of John Myland, has been elected president of the PAINTMAKERS ASSOCIATION OF GREAT BRITAIN for 1985-86. He takes over the presidency from Mr Peter Burns. Mr Myland was previously a vice-president of the Association and is chairman of its statistical committee.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

April 22-26
Building Industry Convention Exhibition (088385 2051)
Met Exbn. Hall, Brighton

April 28-May 1
Incentive Marketing Exhibition (01-688 7788)
Met. Exbn. Hall, Brighton

April 30
Computer Aided Production Management Exhibition (01-579 9411)
Wembley Conference Centre

May 2-5
Road Haulage Association Annual Tipping Convention and Exhibition — TIPCON (0532 502368)
Exhibition Centre, Harrogate

May 12-14
6th British Craft Trade Fair (0282 867153) **Harrogate**

May 12-15
Business to Business Exhibition (01-729 0677)
Barbican Centre

May 12-15
London International Furniture Show (01-385 1200)
Earls Court

May 16-27
National Home, Garden and Leisure Show — LIFESTYLE (01-222 9341)
N.E.C., Birmingham

May 21-23
Heating, Ventilating and Air Conditioning Exhibition (021-705 6707) **Olympia**

May 21-24
Chelsea Flower Show (01-834 4333) **Royal Hospital**

May 30-June 8
Fine Art and Antiques Fair (01-385 1200) **Olympia**

June 3-6
International Freight Industry Conference and Exhibition—WORLDFREIGHT (01-642 7688)
Met. Exhibition Hall, Brighton

June 4-6
Business Computer Show (01-643 8040) **Earls Court**

OVERSEAS TRADE FAIRS

Current
Packaging and Printing Exhibition—ARABPACKPRINT (01-642 7688) (until April 24) **Dubai**
International Consumer Goods Fair (021-455 9600) (until April 23) **Brno**
International Television Programmes Market (01-499 2317) (until April 25) **Cannes**
International Fashion Trade Fair —IGEDO (01-493 3893) (until April 23) **Dusseldorf**

April 25-May 5
International Trade Fair (01-736 6002) **Casablanca**

May 3-11
International Public Works and Building Equipment Exhibition —EXPOMAT (01-439 3964)
Paris

May 10-14
International Accessory, Machinery and Materials Fair for Furniture Production, Interior Decoration and Furnishing — INTERZUM (01-930 7251) **Cologne**

May 14-18
International Telecommunications and Information Technology Exhibition — TELEMATIC (01-683 1158) **Kuala Lumpur**

May 16-19
Roof and Wall Trade Exhibition (01-930 7251) **Cologne**

May 21-23
Electronic Components and Equipment Exhibition—CEX (01-891 5051) **Hong Kong**

May 27-31
Brazilian Textile Industry Fair—FENIT (01-486 8686) **Sao Paulo**

May 28-31
Asian Water Technology Exhibition and Conference—AQUATECH ASIA (01-437 8404)
Singapore

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

BUSINESS CONFERENCES

April 22-23
Practising Law Institute, New York: Conference on international financial markets (U.S.: 212 765-5700)
Royal Lancaster Hotel, W2

April 24
Longman Seminars: Marketing securities and investor protection — the future for self-regulation (01-242 2548)
Barbican Centre, EC2

April 24-25
FT Conference: Multinationals—innovators in high technology? (01-621 1355) **Munich**

April 24-25
Institute for International Research: Profitable treasury management (01-434 1017)
London

April 24-25
FT Conference: Communications in the UK—the challenge of choice (01-621 1355)
Hotel Inter Continental, W1

April 29-30
Business Research International: Going public: making the right choice for your growing company (01-637 4383)
Park Lane Hotel, W1

April 30
Longman Seminars: Competition law and technology transfer (01-242 2548) **Barbican Centre**

April 30
Society for Strategic and Long Range Planning: Service strategies—competitive weapons for success in the 1990's (01 235 0246)
15 Belgrave Square, SW1

April 30
Institute of Directors: Walter Goldsmith on "The Winning Streak" (01-839 1233)
116 Pall Mall, SW1

May 1
Institute of Taxation: Finance Bill 1985 (01-235 8847)
Hotel Inter Continental, W1

May 1
The Industrial Society: Advice for pension scheme members (01-839 4300)
3, Carlton House Terrace, SW1

May 3
The Institute for Fiscal Studies: Competition and regulation (01-636 3784) **St Ermins Hotel, SW1**

May 10
Petroconsultants: Petroleum exploration/production trends (01-930 5939)
Meridien Hotel, Houston

May 23
Seminars for Secretaries: One-day training seminar (01-935 7992) **Cafe Royal, W1**

May 29-31
Dataquest European Semiconductor Industry Conference—"Winds of Change" (01-353 8807) **Hilton Hotel, Vienna**

June 3-4
FT Conference: Foreign exchange risk in 1985 (01-621 1355)
Hotel Inter Continental, W1

June 10-11
FT Conference: The Sixth Paper and Pulp Conference (01-621 1355)
Hotel Inter Continental, W1

June 11-12
EDANA: Italian nonwovens symposium (Brussels 02-734.93.10) **Milan**

June 12
Oyez: Supply, use and carriage of goods—the implications of the new dangerous substances regulations (01-236 4080) **London**

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY
Goode Durrant and Murray, Durrant House, Chiswell Street, EC, 12.30
Murray Intnl Tst, 163, Hope Street, Glasgow, 11.00
P & O, Grosvenor House, Park Lane, W 11.00
BOARD MEETINGS—
Finals:
Arrow Chems
Bk of Scotland
Bilton (Percy)
Bramall (C. D.)
EIS
Edinburgh Inv Tst
Folkes Grp
Goal Petroleum
Gould (Laurence)
Honda Motor
Pantherella
Iking Resources Tst
Interims:
Allied London Props
Cradley Print
DIVIDEND & INTEREST PAYMENTS—
Industrias Penoles Fltg Rate Nts 1989 $250
TOMORROW
COMPANY MEETINGS—
D.J. Security Alarms, St. James Club, St James House, Manchester, 10.30
First Scottish American Tst 4.75p
House, West Ferry, Dundee, 12.00
Investing in Success, Regis House, King William Street, EC, 12.15
Watts City of London Props, City Tower, Basinghall Street, EC, 12.00
BOARD MEETINGS—
Finals:
Boustead
Clarke (Clement)
Cooper Inds
English Natl Inv
Kwik-Fit (Tyres and Exhausts)
Moss Bros
Scott and Robertson
Stat-Plus
Interims:
Klark-Teknik
New Aust Inv Tst
Scottish Cities Inv Tst
DIVIDEND & INTEREST PAYMENTS—
Centrovincial Estates 3p
Cola Inds 1.1p
Ind Finance and Inv Corp 1p
Jayplant 8.25p
Telemetrix 0.6p
Trencherwood 3p
WEDNESDAY APRIL 24
COMPANY MEETINGS—
Anglia Television Group, Anglia House, Norwich, 2.30
British Kidney Patient Assoc Inv Tst, 26, Finsbury Square, EC, 2.30
Friedland Doggart Group, Midland Hotel, Manchester, 12.00
Garton Engineering, Park Hall Hotel, Park Drive, Goldthorn Park, Wolverhampton, 12.00
Grattan, Norfolk Gardens Hotel, Hall Ings, Bradford, 11.30
Sale Tilney, 28 Queen Annes Gate, SW, 12.30
BOARD MEETINGS—
Finals:
Campari Intnl
Ellis and Goldstein
Fleming Universal Inv Tst
Helical Bar
Laing (John)
Micro Business Systems
Smallshaw (R.) Knitwear
Interims:
Casket (S.)
Gleeson (M. J.)
Japan Assets Tst
Pochins
Spectrum
TR Aust Inv Tst
DIVIDEND & INTEREST PAYMENTS—
Cardiff City Council 11pc Red 1986 5.5pc
D.J. Security Alarms 0.3p
Diploma 7pc Cum Red Pf 2.45p
Energy Resources and Servs 15cts
First Scottish American Tst 4.75p
Hurst (Charles) 4p
Murray Intnl Tst 3.1p
Oesterreichische Kontrollbank Gtd Fltg Rate Dep Nts 1988 $26,383.68
Philippines (Republic of) Fltg Fix Rate Nts 1985 $279.64
Sharpe (Charles) 2p
Sparekassen SDS Fltg Rate Cap Nts 1991 $552.95
THURSDAY APRIL 25
COMPANY MEETINGS—
African Lakes Corp, 2, York Place, Edinburgh, 11.30
Dorey Titanics, Darlington Road, Shildon, Co Durham, 12.00
Good Relations, 59 Russell Square, WC, 2.30
Halma Engineering, Metropole Hotel, National Exhibition Centre, Birmingham, 10.15
Ladies Pride, 7 Allan House, Newarke Street, Leicester, 11.45
Lex Service, 17, Great Cumberland Place, W, 12.00
Mersey Docks & Harbour, Port of Liverpool Building, Pier Head, Liverpool, 11.30
Sedgwick Group, Sedgwick House, 33, Aldgate High Street, EC, 12.00
Technology for Business, St Martins House, 1a, St Martins-Le-Grand EC, 10.00
Vickers, Millbank Tower, Millbank, SW, 12.00
Watmoughs, Low Hall, Calverley Lane, Horsforth, Yorks, 12.00
Woodhouse and Rixson, Tapton Hall, Shore Lane, Sheffield, 11.45
BOARD MEETINGS—
Finals:
Anchor Chem
Assam-Dooars
Biddle
Blue Circle Inds
Cole
Edinburgh Oil and Gas
Grampian TV
Hay (Norman)
Hestair
Hollis Bros and ESA
Lilleshall
Marlborough Prop
Office and Elec Machines
Quick (H. J.)
Scottish Cont Intnl Tst
Sumner (Francis)
Systems Reliability
Walker (J. O.)
Western Dooars Tea
Whatman Reeve Angel
Wimpey (George)
Wingate Pro Pims
Wire and Plastic Prods
Yale Catto
Interims:
Epicure
MTD (Mangula)
Samuel Props
Simpson (S.)
DIVIDEND & INTEREST PAYMENTS—
Akzo NV Br Certs Fl 1.5
Bankers Tst New York 67.5cts
Bejam Group 1.75p
British Inv Tst 5pcDb 1983-88 2½pc
British Kidney Patient Patient Ass Inv Tst 5.25p
CPC Intnl 55cts
Conversion 5½pc 2004 4½pc
Exchequer 11pc 1981 5.5pc
General Electric Co 55cts
Investing in Success Equities 4.2p
Johnson Group Cleans 15.42p
Johnstones Paints 2.255p
KCA Drilling Group 1.5p
Ladies Pride 1p
Law Debenture Corp 3.25p
Macpherson (Donald) 7½pcUncLn 1984-1994 3¾pc
Manchester (City of) 11.5pc Red 2007 5¾pc
Mapaders (John) 2.25p
Nat West Fin Gtd Fltg Rate Cap Nts 1992 $274.90
Provident Fin Group 7p
Strong and Fisher 2.5p
Treasury 9½pc 1988 4¾pc
Twentfontein Utd Colliers 40cts
Wells Fargo Intnl Fin Gtd Fltg Rate Subord Nts 1996 $73.40
FRIDAY APRIL 26
COMPANY MEETINGS—
Bairstow Eves, Bury Lane Moat House Hotel, 10, Drury Lane, High Holborn, WC, 12.00
Britoil, Albany Hotel Glasgow, 2.30
Dufay Bitumastic, Great Eastern Hotel, Liverpool Street, EC, 12.00
Fife Indmar, Smeaton Road, Kirkcaldy, Fife, 12.00
Hillsdown Hldgs, Ladbroke Hotel, Primrose Hill Road, Hampstead, NW, 2.00
Laing Properties, Inn on the Park, Hamilton Place, Park Lane, W, 12.00
Lyon and Lyon, 268 Bradford Road, Batley, 12.15
Mount Charlotte Invs, Park Court Hotel, Lancaster Gate, W, 12.00
Spring Ram Corp, Spring Bank Industrial Estate, Sowerby Bridge, Halifax 12.05
Steetley, Confederation of British Industry, Centre Point, 103, New Oxford Street, WC, 11.30
Transport Development Group, Glaziers Hall 9, Montague Close, SE, 12.00
BOARD MEETINGS—
Finals:
Beattie (James)
Clayton Son
Downiebrae
Flight Refuelling
Futura
Hopkinsons
Howard Machinery
More O'Ferrall
Richards (Leicester)
Sunlight Service
Upton (E.)
Wordplex Information Systems
Yorkgreen Invs
DIVIDEND & INTEREST PAYMENTS—
Adams and Gibbon 3.75p
African Lakes Corp 1.5p
Amstrad Consumer Electronics 0.324p
Australia (Commonwealth of) 11½pcLn 2015 5¾pc
Bank of Nova Scotia 17cts
Bermuda Intnl Bond Fd 0.30cts
Black (Peter) 3.525p
GSC Inv Tst 5p
Candover Invs 2p
Globe and Phoenix Gold Mining 1.25p
Harrisons Malaysian Plants 15 sen
Inch Kenneth Kajang Rubber 27p
Land Investors 5.3p
Parker Knoll 3p, A 3p
Raine Inds 0.2p
Roidal-Snidal Power 5¼pc 20 yr Sec Deb Ln 1965 3½pc
Saul (B. F.) 5cts
Scottish and Newcastle Breweries 5pc 1st Mtg Db 1984-89 3pc, 5¼pc1stDb 1985-88 5¼pc, 7¼pc1stDb 1989-94 3⅝pc
Shires Inv 1.5p
Transcontinental Services 3.57p
Trinity Intnl Hldgs 5p
Watmoughs (Hldgs) 4.55p
SATURDAY APRIL 27
DIVIDEND & INTEREST PAYMENTS—
Exchequer 13½pc 1994 5¼pc, 15pc 1997 7½pc

Closing prices, April 19

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16⅞	AAR	.48	2.7	14	73	18¼	16	18	−½
18¾	9⅜	AGS			9	114	12⅜	11⅛	12½	+⅜
16⅛	10	AMCA				65	11	10⅛	10⅞	
21	13½	AMF	.50	2.6	43	1872	20	18⅞	19¼	−⅜
43¼	24¼	AMR			9	2754	41⅜	40¾	40⅞	−¾
21	18⅝	AMR pf	2.18	10.		50	21	20⅞	21	+⅛
14¼	6½	APL			38	26	8⅞	8¾	8¾	−¼
67¼	44⅜	ASA		23.7		633	53½	53⅛	53⅜	−⅛
27	16	AVX	.32	2.0	16	169	16½	16	16	−½
54	38¾	AbtLab	1.40	2.7	13	820	51⅝	51	51½	+½
25⅞	16¾	AccoWd	.44	2.0	16	23	22¼	22¼	22¼	
22	12½	AcmeC	.40	2.6		55	14	13¾	13¾	−¼
17⅜	15	AdaEx	2.11e	13.		135	16½	16¼	16¼	−⅛
20	11⅞	AdmMl	.32	2.0	6	38	16¼	15¾	15¾	−⅜
10½	8⅝	AdvSys	.53t	5.5	16	283	9¾	9½	9⅝	+⅛
41⅛	25⅛	AMD			16	4902	30⅜	29¼	30	+⅛
12¾	6⅞	Advest	.12	1.3		162	9¼	8⅞	9⅛	−⅛
14⅝	6¾	Aeroflex			12	38	12½	12¼	12¾	−⅛
42⅝	27¼	AetnLf	2.64	6.5	39	1234	40¾	40¼	40⅝	−⅛
58¾	52⅞	AetL pf	5.83e	10.		16	55⅝	55½	55⅝	−⅛
38	16¾	Ahmns	1.20	3.3	20	1079	34½	33⅛	34½	+1½
51	38⅝	AirPrd	1.20	2.5	11	466	48⅝	48⅜	48⅝	−⅛
24⅜	13	AirbFrt	.60	3.1	11	28	19⅞	19½	19⅝	−⅛
2	1	AlMoa s			23	48	1⅝	1⅝	1⅝	
32	26¾	AlaP pfA	3.92	12.		38	31¾	31⅛	31⅜	+⅜
7½	[illegible]	AlaP dpf	.87	12.		34	7½	7⅜	7⅜	−⅛
73½	61½	AlaP pf	9	13.		z10	72	72	72	−1
102	85¼	AlaP pf	11	11.		z600	102	102	102	
68	56	AlaP pf	8.28	13.		z50	65¼	65¼	65¼	
13⅜	11	Alagsco	1.04	8.6	12	138	13	12¾	13	+⅛
21½	9¼	AlskAir	.14	.8	9	2830	u21¾	21¼	21⅜	+⅝
16¾	10⅛	Alberto s	.36	2.3	16	29	16⅜	16¼	16¼	−¼
51¾	22½	Albtsns	.76	2.5	13	84	30⅜	30	30¼	+¼
31⅝	23½	Alcan	1.20	4.8	10	3095	25¼	24½	24⅞	−⅜
36⅛	27⅞	AlcoStd	.20	3.7	11	84	32¼	31⅞	32¼	+⅜

Continued on Page 27

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هكذا من الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, April 19

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¼	3⅞	ADI n			23	24	5⅞	5⅝	5⅝	−⅛
14¼	8¼	AL Lab	.20	1.4	13	22	14	14	14	
22⅝	12	AMC s	.12	.6	15	155	20⅞	20¾	20⅞	−⅛
5⅞	2⅜	AM Intl				151	4⅛	4	4⅛	−⅛
78¼	58	ATT Fd	5.05e	6.5		46	78½	77⅞	78	+⅛
6	2⅞	AcmePr				15	3¼	3¼	3¼	
14⅛	8½	AcmeU	.32	3.2	16	102	8⅞	8⅝	8⅞	
18¼	9¾	Action			19	256	10¼	10	10	−⅛
8¼	6	Acton				142	3½	3½	3¼	
2¼	5-16	Adm wt				2	7-16	7-16	7-16	−1-16
3⅝	1½	AdmRs			4	74	2	1⅞	2	
30	16⅛	AdRusl	.14	.5	22	261	u30¼	29½	30	+½
24¾	15	Adobe	.28	1.5	19	79	18¾	18⅝	18⅝	−⅛
8⅝	4½	Aeronc			6	120	7⅜	7¼	7⅜	+⅛
45	27	AlfPb s	.60	1.3	26	15	45	44½	44½	+⅛
9¾	5¼	AirExp			24	1	6¾	6¾	6¾	
12⅝	5⅞	AirCal			6	60	8⅛	7¾	8	−⅛
10⅞	9¾	ArCal pf				157	10⅞	10¾	10⅞	+⅛
5	1¾	Alamco			60	21	2	1⅞	2	
101	65½	Almito n			10	63	96¼	90	95	−1¼
11¼	6¼	AlbaW			22	22	7⅜	7¼	7⅜	
4	2	AlnTrs				10	3⅛	3⅛	3⅛	−⅛
19	9½	Alphain	.05	.4	15	23	11½	11⅜	11⅜	−⅛
1	9-16	Altex				42	1¼	1⅛	1⅛	−⅛
26⅝	11	AlzaCp			55	115	26⅛	25⅞	25⅞	−½
18⅛	9½	Amdahl	.20	1.4	18	176	14⅛	13⅞	14	
15⅞	8⅝	Amedco	.60	1.9		45	7⅝	7⅝	7⅝	+⅛
8¾	4¾	AmBilt	.15	2.1	4	27	7¼	7⅛	7¼	+⅛
7⅝	4	AmCap			22	10	7⅛	7⅛	7⅛	+⅛
34¼	12¼	AExp wt				78	30	29½	29¾	−⅛
9	5⅝	AFruc A			9	z960	6⅝	6½	6½	−⅛
8	5⅝	AFruc B			3	z1300	8	5⅞	8	+⅛
12⅛	7¼	AHlthM			11	168	10¼	9⅞	10¼	+⅛
8	4	Aisrael			2	18	6¼	6⅝	6¾	
19⅜	12⅝	AMzeA	.52	3.3	8	25	15⅞	15⅝	15⅞	
18½	12¾	AMzeB	.52	3.6	7	27	14½	14⅜	14⅜	−⅛
2⅞	½	AMBld				209	1⅝	1½	1	9-16 +1-16
10	3	AmOil			18	5	3¾	3¾	3¾	−⅛
64¾	53½	APetf	3.20	5.8	15	12	58¾	58½	58½	−½
17⅝	12½	APrec s	.24	1.6	15	11	15¼	15	15⅛	−⅛
8½	6⅛	AmRlty			3	16	6½	6½	6½	−⅛

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		C C C								
19	11½	CDI s			9	9	16			
15⅛	9	CHB	.20b	1.3	139	16	15¼			
19⅛	13⅝	CRS	.34	2.9	17	18	16⅞			
19¼	9⅛	CaesNJ			16	8	16			
13½	10	CalRE	1.28	9.8	9	164	13⅛			
25	18⅛	Calmr s	.60	2.6	28	20	23½			

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	14¾	WashGs	1.20	8.3	8	40	20¼	19¾	20	−¼
[illegible]	18⅝	WshNat	1.60	4.1	8	28	26½	26⅛	26¼	−½
[illegible]	18	WshWt	2.48	12.	8	134	21⅜	21⅛	21¼	+⅛
[illegible]	27¼	Waste	.80	1.5	18	771	52⅞	52½	52⅞	+⅛
[illegible]	28	WatkJn	.36	1.4	11	265	26	25¾	25¾	
[illegible]	8¾	WayGos	.20	2.1	10	2	9½	9½	9½	
[illegible]	4	WeanU				7	10⅝	10⅝	10⅝	
[illegible]	12⅛	WebbD	.20e	1.0	12	199	19½	18⅞	19½	−¼
[illegible]	29⅞	WelsMk	.70	1.8	15	11	39¾	39½	39¾	−⅛
[illegible]	30⅞	WellsF	2.40	4.4	8	619	56¼	54¾	56	+¼

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅝	9½	WolvrW	.24	2.4	30	108	10	9⅞	9⅞	−⅛
27	18⅝	WoodPt	.80	3.5	15	88	22¾	22⅝	22¾	
43⅛	29⅛	Wolwth	2	4.7	9	608	42⅜	42⅛	42¼	
4⅞	2⅜	WrldAr				5	3⅞	3⅞	2⅞	
64½	46¼	Wrigly	1.60a	2.6	11	11	61⅜	60¾	61⅜	+⅝
6⅛	3⅛	Wurltzr				17	4⅛	4⅛	4⅛	−⅛
16	10¾	WyleLb	.32	2.8	19	115	12⅜	12⅛	12⅛	
23⅝	11	Wynns	.28	3.2	7	2	18¾	18¾	18¾	+¼
		X Y Z								
47⅞	33¼	Xerox	3	6.6	16	1696	46⅜	45¾	45¾	−⅛
52	45¼	Xerox pf	5.45	11.		111	51¾	51¼	51½	−¼
30	24	ZaleCp	1.32	5.0	8	14	26¼	26¼	26¼	−¼
34⅞	13⅝	Zapata	.84	5.5	16	179	15⅜	15⅛	15⅜	+⅛
59½	30	Zayre	.40b	.7	15	881	u60	58½	60	+1
61¼	16⅞	ZenithE			7	351	21½	21⅛	21⅜	
21⅞	14⅜	Zero n			17	28	18⅜	18¼	18¼	−⅛
31⅛	21⅝	Zurnin	1.32	4.5	11	150	30	29⅛	29½	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Nasdaq national market, closing prices, April 19

Continued on Page 29

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

CANADA

TORONTO

Closing prices April 19

Sales	Stock	High	Low	Close	Chng
420	Abti Prce	$53⅜	53	53⅜	−⅛
8050	Agnico E	$17⅝	17⅝	17⅝	+⅜
33300	Agra Ind A	$7⅞	7⅞	7¾	+¼
22157	Alt Energy	$21½	21⅜	21⅜	−⅛
2900	Alta Nat	$14¾	14¾	14¾	−¼
605	Algoma St	$23⅞	23⅞	23⅞	
30225	Argcen	$19⅜	19¼	19¼	+⅛
29	Argus C pr	$10⅞	10⅞	10⅞	−⅛
3300	Atco I I	$8½	8½	8½	
389	BP Canada	$34¼	34⅛	34⅛	−½
13834	Bank BC	$5⅜	5⅛	5⅛	−¼
46533	Bank N S	$13	12¾	12¾	−⅛
22066	Barrick o	134	130	134	+4
2700	Baton A I	$18⅞	18¾	18¾	
11670	Bonanza R	430	420	425	−5
17700	Bralorne	485	485	485	
1640	Bramalea	$17¼	17⅛	17⅛	+⅛
20310	BCFP	$9¼	9	9¼	
28275	BC Res	248	245	245	
7061	BC Phone	$22⅜	22¼	22¼	
2810	Brunswk	$17⅛	16⅞	17	
1870	Budd Can	$21½	20¾	21½	+½
59235	CAE	$17	16¾	16⅞	+⅛
800	CCL A	$28½	28	28	−¾
67100	CDistb B I	$5½	5⅜	5⅜	−⅜
3100	Cad Frv	$15	15	15	
100	C Packrs	$28⅝	28⅝	28⅝	−⅜
368241	Can Trust	$37½	36⅛	37⅜	+1⅜
1100	C Tung	$14⅜	14⅜	14⅜	
64211	CI Bk Com	$30⅜	29⅞	30⅜	+½
12840	Cdn Nat Re	27	25½	27	+2
28064	CTire A f	$8⅞	8⅝	8⅝	−⅜
1000	C Util 2	$17⅜	17⅜	17⅜	+⅛
2550	Cara	$11⅜	11¼	11¼	−¼
2184	Celanese	$7⅜	7⅛	7⅛	−⅛
1300	Celan	175	p	$171¼	17
38500	C Distb A	$5⅝	5½	5½	−⅛
67100	CDistb B 1	$5½	5⅜	5⅜	−⅜
1690	CTL Bank	$10	9¾	9⅞	−⅛
72	Conventrs	$5½	5½	5½	
200	Conwest A	$8½	8½	8½	−⅛
5500	Coseka R	345	335	340	+5
2800	Canron A	$12¾	12¾	12¾	
22545	Crownx	$18⅛	17⅞	18⅛	+½
44800	Czar Res	190	187	189	
45153	Daon Dev	440	425	440	+10
400	Daon A	425	425	425	
2160	Denison A p	$12⅝	12½	12⅝	
3260	Denison B 1	$11⅞	11⅝	11⅝	−⅛
1100	Develcon	$6¾	6⅝	6⅝	
3125	Dickmn A 1	$6⅝	6½	6⅝	+⅜
360	Dickmn B	$8½	8½	8½	−¼
7320	Doman A	220	210	220	+6
5574	Dofasco A	$26	25½	25¾	
1530	Du Pont A	$18	19	16	−⅜
59600	Dylex A	$42	41½	42	+⅜
4500	Elcthom X	$7	6⅞	6⅞	−¼
5617	Equity Svr	$8⅝	8½	8⅝	
1400	FCA Intl	$20¼	20	20⅛	+⅛
100	C Falcon C	$18	18	18	−¼
12322	Fcnbrdge	$104½	103½	104	−¾
2440	Fed Ind A	$21	20½	21	+½
900	F City Fin	$13⅛	13⅜	13½	+¼
100	Fraser	$17	17	17	−¼
1400	Fruehauf	$23	22	22½	
63667	Geac Comp	$12½	12½	12½	+¼
438813	Geocrude	300	290	295	+2
5950	Gibraltar	$10½	10⅛	10⅛	−⅜
25932	Goldcorp I	$8	7⅞	8	+⅛
150	Goodyear	$40½	40½	40½	−½
300	Grandma	55	55	55	−5
250	Granduc	45	46	46	−½
9150	GL Forest	$88	87	87	−2
1020	Gt Pacific	$30¾	30½	30¾	+¼
1700	N Group A	$7	6⅞	7	+⅛
860	Hrding A f	149	144	144	−1
5175	Hawker	$20¼	19⅝	20	−¼
1490	Hayes D	$10½	10⅜	10½	−⅛
2040	H Bay Co	$16	15⅞	16	
33966	Imasco	$27⅛	27	27⅛	
6200	Indal	$13¾	13⅝	13⅝	+⅛
37658	Inland Gas	$17½	16¼	17½	+1⅜
0150	Intl Thom	$8⅞	8¾	8¾	−⅛
3193	Intpr Pipe	$36⅛	35¾	36	
1067	Jannock	$11⅜	11⅜	11⅜	+⅛
150	Kam Kotla	128	128	128	−1
200	Kelsey N	$34½	34½	34½	
1475	Kerr Add	$16	15¾	15¾	−¼
7354	Labatt	$23⅞	23⅝	23⅝	−⅜
19775	Lac Mnrls	$35½	34¾	35½	+⅞
000	LOnt Cem	$12⅝	12¼	12⅝	+¼
7970	Lacana	$15	12⅞	12⅞	−⅛
2011	LL Lac	$40	39¼	39½	
2340	Loblaw Co	$18¼	18	18	−¼
100	MDS H A	$17½	17½	17½	−¼
400	MICC	230	225	225	−5
3675	Melan H X	$24¼	24	24	−⅛
24137	Merland E	435	430	430	−10
2247	Molson A I	$16	15⅞	15⅞	−⅛
2030	Molson B	$15⅝	15⅝	15⅝	
2100	Murphy	$24	24	24	
1500	Nabisco L	$24⅞	24¾	24¾	−⅛
38519	Noranda	$17⅞	17½	17½	−⅜
109595	Norcen	$16	15¾	15¾	−¼
122007	Nva AltA f	$6¼	6	6⅛	+⅛
1260	Nowsco W	$25¾	25½	25½	
24136	NuWst sp A	53	52	52	−1
5900	Oakwood	$7⅞	7⅞	7⅞	+⅛
3175	Oshawa A f	$24⅝	24¼	24½	+⅛
4850	Pamour	$9⅜	7⅞	9¼	
1000	PanCan P	$32½	31¾	31¾	−¾
300	Pembina	$19¼	18⅛	18⅛	−¼
3100	Phonix Oil	$7⅜	7¼	7¼	−⅜
710	Pine Point	$28⅜	28¼	28⅜	+⅛
11000	Place GO	126	122	125	+2
6145	Placer	$26⅞	26⅝	26⅝	
1250	Provigo	$19¼	19¼	19¼	
1000	Que Sturg o	475	475	475	−5
4398	Ram Pet	$6½	6½	6½	
1300	Rayrock I	$8½	8⅜	8½	
3900	Redpath	$10⅞	10½	10⅞	+⅛
4253	Rd Stenhs A	$21¾	21⅜	21½	−⅜
82350	Res Serv I	294	287	294	+8
2273	Revn Prp A	165	160	165	+15
2850	Rogers A	$9¼	9¼	9¼	
5200	Roman	$10¼	10	10¼	
4311	Sceptre	$6¾	6⅝	6¾	
2694	Scotts f	$23⅞	23½	23½	−¼
3280	Sears Can	$7¾	7⅝	7¾	+⅛
24431	Shell Can	$28⅞	28⅝	28⅝	−¼
29450	Sherritt	$7¼	7⅛	7¼	−¼
1000	Slater S f	$10	9⅞	9⅞	−¼
16230	Southm	$55⅝	55¼	55¼	−¼
50	St Brodcst	$12¼	12¼	12¼	
50840	Stelco A	$20⅝	20⅜	20½	
6000	Sulpetro	315	310	310	−5
22300	Sydney o	25	23	24	
4700	Talcorp	100	57	100	
1008	Tara	$22¼	22½	22¼	−¼
500	Teck Cor	$13¼	13¼	13¼	
24618	Teck B I	$13⅞	13¼	13⅞	+⅝
2503	Tex Can	$38½	38½	38½	
5365	Thom N A	$55¾	55½	55¾	+¼
27623	Tor Dm B	$19⅝	19⅞	19⅝	+⅛
700	Torstar B I	$20¼	20⅛	20¼	+⅛
825	Traders A f	$21¾	21¾	21¾	
13100	Trns Mt	$9¼	9	9⅜	+⅜
4650	Trinity Res	410	380	410	+20
6752	TrnAlta UA	$25⅞	25½	25⅝	−¼
5511	TrCan PL	$24¾	24⅝	24¾	+¼
28246	Trimac	430	420	420	−3
2000	Trizec A f	$27⅜	27¼	27¼	−¼
83600	Turbo f	62	60	60	−2
440	Un Carbid	$11¾	11¾	11¾	−¼
5277	U Entprise	$11¼	11⅛	11¼	
1500	U Keno	$11⅛	11⅛	11⅛	−⅜
3625	U Siscoe	101	95	100	−1
1400	Van Der	325	310	325	
27848	Verstl A I	$5⅞	5½	5⅝	−⅜
1400	Vestgron	$11⅛	11¼	11¼	−⅛
14000	Westfort o	15½	13	13	−½
2100	Westmin	$15⅛	15	15⅛	+⅛
200	Westnhse	$55½	55½	55½	−3½
1200	Weston	$78	77½	77¾	−¼
2819	Woodwd A	$11⅞	11⅝	11⅝	
319835	Yk Bear	$9¼	9	9	−7¼

Total sales 12,106,755 shares

MONTREAL

Closing prices April 19

Sales	Stock	High	Low	Close	Chng
11212	Bank Mont	$27½	27¼	27¼	
5100	ConBath	$16⅜	16¼	16⅜	
2011	DomTxtA	$11⅞	11⅝	11⅝	
2400	MntTrst	$14¾	14½	14¾	+¼
33328	NatBk Cda	$18½	18⅛	18½	+⅛
2030	Power Corp	$32	31¾	32	+¼
2200	RollandA	$19¼	19	19	−¼
12107	Royal Bank	$29	28¾	28⅞	
2150	RoyTrstco	$21⅜	20¾	20¾	−½
700	SteinbrgA	$37¾	37	37¾	+2

Total Sales 2,063,488 shares

AUSTRIA

1985 High	Low	Apr. 19	Price %
506	226	Credit'stalt Pfd.	305
488	330	Goesser	446
724	400	Interunfall	680
984	222	Laenderbank	284
448	356	Perimooser	425
178	166	Steyer—Daimler	161
409	946	Veitscher Mag	400

DENMARK

1985 High	Low	Apr. 19	Price Knr. %
311	257	Andelsbanken	287
645	620	Baltic Skand	563
323	259	CopHandelsbank	317
675	460	D. Sukkerfab	566
309	960	Danske Bank	503
1,260	1,066	De Danske Luft.	1,310
298	129	East Asiatic	313
1,000	770	Forenede Brygg.	1,000
144	86	Forenede Damp.	128
446	352	GNT Hldg	439
623	340	I.S.S.B.	623
655	464	Jyske Bank	630
1,695	1,315	Novo Ind.	1,410
292	293	Privatbanken	261
367	290	Provinsbanken	341
260	217	Smidth (F)	250
1,150	860	Sophus Berend	1,090
497	395	Superfos	461

BELGIUM/LUXEMBOURG

1985 High	Low	Apr. 19	Price Frs.
1,060	1,750	B.B.L.	1,290
6,200	6,450	Banq. Int. A. Lux	6,150
6,940	4,380	Bekaert B	5,600
2,700	9,400	Ciment CBR	2,400
297	221	Cockerill	240
8,000	5,530	Delhaize	7,700
3,140	2,770	EBES	5,050
8,700	8,000	Electrobel	8,440
2,220	1,915	Fabrique Nat	1,965
3,460	2,885	GB Inno BM	3,210
2,205	1,920	GBL (Brux)	1,950
4,550	3,575	Gevaert	5,800
8,190	6,580	Hoboken	5,580
2,503	2,025	Intercom	2,165
8,650	7,620	Kredietbank	8,050
11,900	9,700	Pan Hldgs	11,000
7,250	6,500	Petrofina	6,800
12,100	10,050	Royale Belge	12,100
3,480	3,200	Soc. Gen. Banq	5,550
2,090	1,615	Soc Gen. Belge	1,865
8,010	6,830	Sofina	7,170
4,500	3,835	Solvay	4,070
1,656	1,450	Stanwick Intl.	1,560
4,550	3,750	Tractionel	5,930
5,420	4,600	UCB	5,020
2,940	2,005	Wagon Lits	2,940

FRANCE

1985 High	Low	Apr. 19	Price Frs.
1,776	1,590	Emprunt 4½% 1973	1,720
8,629.9	7,358	Emprunt 7% 1973	8,200
990	235.2	Accor	272.9
889	546	Air Liquide	513
605	498	BIC	614
1,940	1,601	Bongrain	1,900
759	602	Bouygues	667
2,339	2,250	BSN Gervais	9,601
1,888	1,295	CIT Alcatel	1,343
2,300	1,790	Carrefour	2,190
1,970	1,050	Club Mediter	1,114
653	570	Cie Bancaire	661
296	239.8	Cofimeg	292
9,448	2,090	Damart	2,195
1,345	1,028	Darty	1,319
735	580	Dumez S.A.	623
639	529	Eaux (Cie Gen.)	625
250	215.1	Elf-Aquitaine	240.1
8,130	3,810	Essilor	5,039
792	646	Gen. Occidentale	689
115	72.6	Imetal	115.3
513	861	Lafarge-Coppee	513
2,690	2,221	L'Oreal	2,450
2,218	1,850	Legrand	2,145
289	188	Maisons Phenix	225.2
1,950	1,565	Matra S.A.	1,930
989	735	Michelin B	933
9,515	2,078	Midi (Cie)	2,181
2,005	1,842	Moet-Hennessy	1,849
116.5	90.8	Moulinex	107
94.5	79.2	Nord Est	89.1
757	665	Pernod Ricard	704
545	465	Perrier	492
277.9	245.8	Petroles Fra.	262
859	240	Peugeot S.A.	559
240.6	177.5	Printemps (Au.)	950.1
301	212	Radiotech	280.1
1,430	119.2	Redoute	1,551
1,790	1,485	Roussel-Uclaf	1,749
564	281	Sefimeg	358
2,090	1,250	Skis Rossignol	1,891
2,550	9,200	Telemech Elect.	2,310
390	410	Thomson (CSF)	676
260.5	225	Valeo	247.1

GERMANY

1985 High	Low	Apr. 10	Price Dm
118	100.8	AEG-Telef.	113
1,122	851	Allianz Vers	1122xr
213.8	175.9	BASF	204.7
228	185	Bayer	213.6
355	509.8	Bayern-Hypo	354
352	518.2	Bayern-Verein	343.5
290.5	261	BHF-Bank	283.5
395	361	BMW	376
224	187.6	Brown Boveri	214.8
175	162.1	Commerzbank	171.7
141.8	114.8	Conti Gummi	157.9
897	593.5	Daimler-Benz	660
369	538	Degussa	361
179	163	D'sche Babcock	163
475.4	383.5	Deutsche Bank	473.4
206.7	178.8	Dresdner Bank	206.7xr
172.8	151	GHH	168.6
495	460	Hochtief	476
216.9	182.5	Hoechst	213.5
117	97.5	Hoesch Werke	111.5
420	380	Holzmann (P.)	420
186	163	Horten	170
312	285	Hussel	291
241.6	206	Karstadt	226
251	208.5	Kaufhof	231
970	247	KHD	963xr
82.2	70.1	Kloeckner	71
434.3	391	Linde	429
418.6	180	Lufthansa	196
159.3	146.6	MAN	146.5
157.8	149.7	Mannesmann	164.6
607	509	Mercedes Hld.	580
975.5	917.5	Metallgesell.	263
1,399	1,062	Muench Rueck	1230
671.7	316	Nixdorf	671.7
1,388	1,026	Porsche	1,193xd
284.8	240	Preussag	271
171.3	150	Rhein West Elect	167.5
233	938	Rosenthal	241
483	452	Schering	458
373.6	478.4	Siemens	545.5xd
106.4	81.4	Thyssen	101.8
188	174	Varta	181
188.9	165.7	Veba	185.3
192.5	199	V.E.W.	122.3
320	300	Verein-West	320
213.7	189	Volkswagen	206.7

NORWAY

1985 High	Low	Apr. 19	Price Kroner
172.5	134	Bergens Bank	142
433	333	Borregaard	352.5
171	141	Cristiania Bk	142
171	146	Den Norsk Credit	152
165	118.5	Elkem	138.3
211	161	Kvaerner	165
440	577.5	Norsk Data	409
116	97.5	Norsk Hydro	111
250	817.5	Storebrand	243

ITALY

1985 High	Low	April 19	Price Lire
20,500	16,400	Banca Com'le	17,000
929.7	166	Bastogi IRBS	194
3,683	3,560	Bi-Invest Risp	5,490
3,630	9,159	Centrale	3,135
4,560	3,911	Credito Varesino	3,233
5,089	8,065	Fiat	9,970
58	46	Finsider	37.3
44,500	34,450	Generali (Assc.)	44,130
84,960	66,950	Italcementi	84,700
527	392	La Rinascente	662
1,583	1,340	Montedison	1,618
7,060	5,852	Olivetti	6,170
4,493	5,460	Pirelli Co.	4,150
2,393	1,226	Pirelli Spa	2,224
2,273	2,105	Snia BPD	2,790
15,889	19,420	Toro Assic	14,070
19,790	9,475	do. Pref	10,160

NETHERLANDS

1985 High	Low	April 10	Price Fls
803	188.5	ACF Holding	203
187	156	AEGON	180
231	194	Ahold	225.5
115.4	100.3	AKZO	113
426	369	ABN	426
226.5	210.8	AMEV	227
76.6	65.5	AMRO	76
160	146.6	Bredero Cert.	158
20.6	12.8	Bos Kalis Westm	16.9
94	75.3	Buehrmann-Tet.	91
38	33	Calland Hldgs	34.8
183	159	Dordtsche Pet'm	182.7
125.6	110.3	Elsevier-NDU nv.	119.5
109.6	86.2	Fokker	109.3
191	178.3	Gist-Brocades	184
160.4	161	Heineken	154.1
70.6	57.2	Hoogovens	60
62.6	41.3	Int-Mueller	51.4
62.4	47.3	KLM	68
50.8	47.6	Naarden	40.9
276.5	65	Nat Ned Cert	67.4
192	148	Ned Mid Bank	168.0
186	152.9	Nedlloyd	197.7
610.6	288.5	Oce Grinten	318
31.8	27.3	Ommeren (Van)	30.5
76	65.1	Pakhoed	68
63.7	55.9	Philips	67.4
77.5	69.8	Robeco	71.4
139.8	135.4	Rodamco	137
70.8	62.8	Rolinco	65.6
44.4	43.3	Rorento	44.1
209.1	179.5	Royal Dutch	202
353	314	Unilever	344
167	142	VMF Stork	152
221.5	202	VNU	916.5
125	101.8	West Utr Bank	104.1

AUSTRALIA

1985 High	Low	April 10	Price Aust. $
5.93	4.53	ANZ Group	4.6
1.10	1.05	Alliance Oil Dev.	1.07
2.11	1.75	Ampol Pet.	1.87
1.05	0.75	Ashton	0.94
2.15	1.88	Aust. Cons. Ind.	2.12
3.4	2.35	Aust Guarantee	2.72
3.0	2.42	Aust. Nat. Inds.	2.50
2.70	2.2	Aust. Paper	2.50
6.90	4.7	Bell Group	5.8
7.10	4.25	Bell Res.	7.1
1.58	1.16	Bond Corp Hldgs	1.46
3.48	3.16	Boral	4.18
2.49	1.51	Bougainville	2.28
3.93	5.48	Brambles Ind	5.82
2.85	2.05	Bridge Oil	9.55
5.85	4.34	B.H. Prop.	5.5xa
7.4	4.28	CRA	6.38
3.18	2.68	CSR	2.96
4.80	4.28	Castlemaine Tys	4.65
4.18	5.70	Coles (G.J.)	5.8
2.88	2.00	Comalco "A"	2.45
0.68	0.43	Consolidated Pet	0.45
1.73	1.25	Costain Aust.	1.75
2.35	1.98	Dunlop Olympic.	2.12
6.68	3.02	Elders IXL	3.05
1.80	1.30	Energy Res	1.4
2.5	2.09	Gen. Prop. Trust	2.13
5.25	2.9	Hardie (James)	5.08
2.85	2.12	Hartogen Energy	2.65
4.4	3.4	Herald W'y Times	4.36
2.22	1.55	ICI Aust.	1.93
0.83	0.22	Jimberlana F.P.	0.33
0.10	0.1	Kiaora Gold	0.17
6.40	5.1	Lend Lease	6.4
5.42	2.25	MIM	3.11
3.58	2.82	Mayne Nikless	5.13
2.01	1.66	Myer Emporium.	1.75
3.72	5.40	Nat. Aust. Bank	3.55
7.3	3.85	News	7.26xc
2.1	1.29	Nicholas Kiwi	1.26
2.75	1.90	North Bkn Hill	2.68
1.08	0.63	Oakbridge	0.98
1.78	0.90	Pancont'l	1.75
1.87	1.55	Pioneer Conc	1.77
4.75	2.83	Poseidon	4.53
1.59	1.07	Queensland Coal	1.89
3.55	3.0	Reckitt & Coln.	5.4
1.22	1.08	Repco	1.2
6.44	5.04	Santos	5.14
4.65	5.83	Smith (Howard)	5.65
2.1	1.71	Thos. Natwide.	1.83
5.9	5.8	Tooth	8.8
4.48	3.05	Vamgas	4.6
4.25	3.62	Western Mining	4.2
5.68	3.35	Westpac Bank	3.53
1.80	0.77	Woodside Petrol.	1.6
5.47	9.65	Woolworths	3.08
3.78	3.13	Wormald Intl.	5.35

HONG KONG

1985 High	Low	Apr. 19	Price H.K.$
23.3	91.4	Bank East Asia	23
16.2	10.8	Cheung Kong	15.3
18.4	12.5	China Light	14.5
1.8	0.20	Evergo.	0.9
49.35	43.5	Hang Seng Bank.	44.23
8.03	6.65	HK Electric	7.7
8.7	3.13	HK Kowloon Wh.	8
3.85	3.82	HK Land.	6.7
8.5	7.38	HK Shanghai Bk.	9.0xa
74	49.75	HK Telephone	71.6
25.0	18.5	Hutchison Wpa.	23
11.8	8.05	Jardine Math.	11.5
6.7	5.1	New World Dev.	8.6
3.73	2.22	Orient O'seas.	2.25
3.27	2.53	O'seas Trust Bnk	5.01
10.5	7.9	SHK Props.	10
2.05	1.50	Shell Elect.	1.53
25.6	20.5	Swire Pac A.	95.8
5.3	3.1	TV-B	5.1
7.40	3.82	Wheel'k Mard A.	7.3
1.18	1.10	Wheel'k Maritme	1.10
2.42	1.65	World Int. H'ldgs	2

SWEDEN

1985 High	Low	April 10	Price Kronor
410	360	AGA	392
208	188	Alfa-Laval	197
360	300	ASEA (Free)	325
425	336	Astra (Free)	400
180	97	Atlas Copco	124
295	250	Cardo (Free)	264
139	115	Cellulosa	122
329	245	Electrolux B	323
304	267	Ericsson	978
390	293	Esselte	348
240	227	Mo Och Domsjo.	256
225	183	Pharmacia	203
460	420	Saab Scania Free	455
420	313	Sandvik	405
340	257	Skandia	331
57	47.6	Skan Enskilda	49.6
217	169	SKF	217
171	130	St. Kopparbergs	139
202	151	Sven Handelsbn.	162
271	216	Swedish Match	226
305	215	Volvo B (Free)	273

SINGAPORE

1985 High	Low	April 19	Price $
1.85	1.6	Boustead Hldgs.	1.68
2.78	2.42	Cold Storage	2.62
5.3	4.98	DBS	8
8.0	4.7	Genting	5.70
9.59	1.86	Haw Par. Bros	2.23
3.39	9.87	Hong Leong Fin.	9.88
9.74	2.35	Inchcape Bhd.	9.46
1.9	1.41	Keppel Shipyard	1.44
8.56	5.3	Malay Banking	5.86
9.52	9.2	Malay Utd. Int.	9.39
1.05	0.85	Multi Purpose	0.85
9.65	8.6	OCBC	8.9
4.02	3.58	OUB	3.68
1.78	1.42	Public Bank	1.33
2.07	1.63	Sime Darby	1.88
5.85	5.7	Singapore Press.	6.3
4.74	4.32	Straits Trdg.	4.3
9.23	2.53	Tate Lee Bk.	2.79
4.65	4.12	UOB	4.36

SWITZERLAND

1985 High	Low	April 10	Price Frs.
920	721	Ausuisse	820
3,825	6,675	Bank Leu	5,590
1,775	1,380	Brown Boveri	1,690
3,120	2,470	Ciba-Geigy	2,820
2,500	2,030	do. (Part Certs)	9,510
2,440	2,325	Credit Suisse	9,430
2,890	2,610	Elektrowatt	2,890
773	606	Fischer (Geo)	723
96,00	85,000	Hoff-Roche PtCts	86,600
9,100	8,500	Hoff-Roche 1/10.	8,675
6,550	6,300	Jacobs Suchard	5,595
2,020	1,890	Jelmoli	1,943
1,980	1,570	Landis & Gyr	1,570
6,610	6,500	Nestle	6,440
1,510	1,290	Oer-Buehrle	1,450
307	254	Pirelli	293
8,195	7,000	Sandoz (Br)	7,750
1,420	1,140	Sandoz (Pt Cts)	1,525
890	550	Schindler (Pt Cts)	770
1,140	1,000	Sika	1,110
4,343	3,785	Surveillance	4,350
1,180	1,055	Swissair	1,055
380	353	Swiss Bank	375
11,000	8,375	Swiss Reinsce.	11,000
1,520	1,430	Swiss Volksbk.	1,470
6,870	3,580	Union Bank	3,870
4,020	3,810	Winterthur	4,020
24,600	18,025	Zurich Ins.	24,800

SOUTH AFRICA

1985 High	Low	Apr. 19	Price Rand
1.65	1.13	Abercom	1.55
8.25	5.63	AE & CI	9.2
56.5	46.0	Allied Tech	56.6
45	39	Anglo Am. Coal	41.25
28	22	Anglo Am Corp	27.15
188	161	Anglo Am. Gold	177.5
16.6	13.65	Barclays Bank	16
11.6	9.6	Barlow Rand	11.4
89	62	Buffels	89
9.7	1.9	CNA Gallo	8.7
4.36	3.1	Currie Finance	3.9
10.6	8.07	De Beers	10.8
56	46.6	Driefontein	54.75
59	30	FS Geduld	57
34.73	92.75	Gold Fields S.A.	34.75
4.4	3.6	Highveld Steel	3.96
11.85	8.77	Nedbank	11.73
16	12.75	OK Bazaars	14.28
1.6	1	Protea Hldgs.	1.43
37	29	Rembrandt	36.3
18.25	14.0	Rust Plat	17.6
16	11.76	Safren	18.76
9	6.1	Sage Hldgs	9
7.43	5.8	SA Brews	7.4
25	19	Smith (A.G.)	96
7.1	5.4	Tongaat Huletts	6.9
5.6	4.46	Unisec	3.1

JAPAN

1985 High	Low	Apr. 10	Price Yen
1,190	1,040	Ajinomoto	1,040
9,097	1,719	Alps Electric	1,860
1,134	927	Amada	1,050
958	621	Asahi Chem.	825
938	850	Asahi Glass	874
550	500	Bridgestone	517
1,460	1,180	Canon	1,240
2,060	1,670	Casio Comp.	1,620
1,250	1,000	Chugai Pharm.	1,050
596	507	Citizen	507
665	605	Daiei	629
1,070	925	Dai Nippon Ptg	1,000
690	532	Daiwa House	554
494	529	Ebara	456
2,002	1,195	Eisai	1,430
9,100	7,180	Fanuc	986xr
1,680	1,290	Fuji Bank	1,400
1,050	1,550	Fuji Film.	1,710
1,520	885	Fujisawa	1,020
1,260	1,060	Fujitsu	1,150
5,540	1,600	Green Cross	2,950
382	553	Hasegawa	323
922	577	Heiwa Real Est.	805
895	790	Hitachi	798
1,210	1,050	Hitachi Credit	1,080
1,550	1,210	Honda	1,290
720	680	House Food	700
2,460	2,060	Hoya	2,200
390	323	Itoh (C)	359
3,790	2,270	Ito-Yokado	2,640
1,490	961	Iwatsu	1,060
553	516	JACCS	520
6,800	4,850	JAL	6,880
735	660	Jusco	730
500	269	Kajima	993
824	724	Kao Soap	768
625	586	Kashiyama	612
633	545	Kirin	605
987	870	Kokuyo	890
479	435	Komatsu	438
748	601	Konishiroku	630
550	518	Kubota	552
643	310	Kumagai	585
7,100	5,190	Kyoto Ceramic	6,400
534	438	Maeda Const	521
1,460	1,150	Makino Milling	1,200
1,280	900	Makita	940
533	500	Marubeni	505
582	540	Marudai	580
1,110	952	Marui	1,110
1,690	1,400	MEI	1,500
810	626	M'ta Elec. Works	709
1,870	1,320	M'bishi Bank	1,430
576	512	M'bishi Corp.	526
410	384	M'bishi Elect	503
649	539	M'bishi Estate	596
279	934	MHI	260
362	324	Mitsui Co.	340
698	592	Mitsui Estate	640xa
615	585	Mitsukoshi	515
956	819	NGK Insulators	876xa
275	210	Nihon Cement	260
1,480	1,280	Nippon Denso	1,350
1,250	1,040	Nippon Elect.	1,090
382	329	Nippon Express	555
9,400	1,550	Nippon Gakki	1,670
143	133	Nippon Kokan	134
907	774	Nippon Oil	886xa
693	805	Nippon Seiko	640
638	620	Nippon Shimpan	580
161	145	Nippon Steel	149
372	325	Nippon Suisan	338
12,060	9,360	NTV	9,790xc
268	226	Nippon Yusen	235xa
685	608	Nissan Motor	636
548	452	Nisshin Flour	509
184	156	Nisshin Steel	160
1,320	865	Nomura	1,050
1,430	1,060	Olympus	1,130
3,640	2,690	Orient Leasing	2,780
3,270	2,480	Pioneer	2,820
663	602	Renown	620
077	860	Ricoh	985
1,590	960	Sankyo	1,140
499	456	Sanyo Elect.	462
465	309	Sapporo	452
898	835	Sekisui Prefab	590
9,440	8,450	Seven Eleven	0,350
1,180	970	Sharp	1,000
772	685	Shimadzu	693xa
733	642	Shionogi	683xa
1,280	1,040	Shiseido	1,160
5,020	3,460	Sony	4,290
1,070	830	Stanley	890
1,860	1,600	Sumitomo Bank	1,630
957	855	S'tomo Elect.	855
684	548	S'tomo Marine	600
158	144	S'tomo Metal	147
527	460	Taihei Dengyo	489
219	195	Taisei Corp	217
1,440	960	Taisho Pharm.	1,200
948	767	Takeda	865
6,550	4,900	TDK	6,480
478	422	Teijin	435
785	621	Teikoku Oil	780
912	700	Tokyo Marine	804
860	761	TBS	779
1,800	1,440	Tokyo Elect. Pwr.	1,730
193	160	Tokyo Gas	191
770	680	Toyko Sanyo	689
773	694	Tokyo Style	740
367	301	Tokyu Corp	353
900	848	Toppan Print	860
603	426	Toray	459
435	381	Toshiba Elect.	388
740	623	TOTO	640
930	807	Toyo Seikan	839
1,380	1,200	Toyota Motor	1,250
3,440	1,810	Victor	2,080
740	684	Wacoal	685
835	680	Yamaha	740
4,360	2,600	Yamanouchi	6,180
700	610	Yamazaki	630
613	561	Yasuda Fire	448
470	410	Yokogawa Bdge.	493

SPAIN

1985 High	Low	Apr. 10	Price Pta %
340	306	Bco Bilbao	638
331	305	Bco Central	519
208	200	Bco Exterior	203
177	167	Bco Hispano	164
399	358	Bco Popular	360
364	327	Bco Santander	349
185.5	160	Dragados	173
94	72	Hidrola	80.7
109.5	51.9	Iberduero	93
185	147	Petroleos	148.2
136.7	94.5	Telefonica	125

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 28

Indices

NEW YORK

DOW JONES

	Apr. 18	April 18	Apr. 17	Apr. 16	Apr. 15	1985 High	1985 Low	Since Compil'tn High	Since Compil'tn Low
◆Industrl's	1266.56	1265.15	1272.51	1269.85	1266.78	1299.36 (1/3)	1184.96 (4/1)	1299.38 (1/3/85)	41.22 (2/7/32)
H'me Bnds	—	74.89	74.65	74.77	74.66	74.89 (18/4)	72.27 (29/3)	—	—
Transport	584.92	589.46	594.33	596.22	599.31	635.30 (1/3)	553.03 (4/1)	635.30 (1/3/85)	12.32 (8/7/32)
Utilities	158.22	156.03	155.62	158.76	156.34	156.34 (15/4)	146.54 (4/1)	163.72 (29/4/65)	10.5 (28/4/42)
TradingVol 000's	81,110	100,646	95,020	98,480	80,660	—	—	—	—

◆Day's High 1272.88 (1281.82) low 1258.50 (1260.82)

	Apr. 12	Mar. 28	Mar. 22	year ago (approx)
Industrial div. yield %	4.82	4.82	4.82	4.80

STANDARD AND POORS

	Apr. 18	Apr. 18	Apr. 17	Apr. 16	Apr. 15	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
Indust'ls	201.73	201.40	202.48	202.86	202.52	205.16 (1/3)	182.24 (4/1)	205.16 (1/3/85)	3.62 (30/6/32)
Comp's'te	181.11	180.84	181.68	181.19	180.92	183.35 (15/2)	163.68 (4/1)	183.35 (15/2/85)	4.40 (1/6/32)

	Apr. 17	Apr. 10	Mar. 27	year ago (approx)
Industrial div. yield	3.85	3.89	3.88	4.00
Industrial P/E ratio	11.27	12.18	12.14	12.58
Long Gov. Bond yield	12.28	12.55	11.77	12.66

N.Y.S.E. ALL COMMON

Apr. 19	Apr. 18	Apr. 17	Apr. 16	1985 High	1985 Low
105.05	104.86	105.29	105.02	106.06 (13/3)	94.60 (4/1)

Rises and Falls

	April 19	Apr. 18	Apr. 17
Issues Traded	2,003	1,986	1,995
Rises	766	686	888
Falls	746	803	623
Unchanged	491	497	482
New Highs	55	161	83
New Lows	26	28	12

TORONTO

	Apr. 19	Apr. 18	Apr. 17	Apr. 16	1985 High	1985 Low
Metals & Minerals	2029.48	2056.3	2067.8	2062.1	2190.07 (15/2)	1896.0 (4/1)
Composite	2638.5	2640.8	2647.8	2628.1	2647.3 (17/4)	2348.3 (8/1)
MONTREAL Portfolio	130.08	130.87	130.61	129.88	132.77 (8/3)	117.00 (4/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Uncal	1,927,800	47⅞	+ ⅜	General Motors	721,000	70⅜	− ⅛
ATT	1,200,700	21⅜	+ ⅜	Exxon	689,800	53⅞	+1
CBS	1,183,800	107	+ ⅜	Uniroyal	680,400	20⅜	− ⅛
IBM	738,600	127⅜	+ ¼	Motorola	666,800	32⅜	− 1⅜
Freep. Egy.	725,800	22	—	Gould	645,800	22	− ¼

	Apr. 19	Apr. 18	Apr. 17	Apr. 16	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	848.3	858.2	853.5	858.8	864.6 (12/4)	715.5 (7/1)
Metals & Mins. (1/1/80)	552.8	553.9	556.2	562.5	582.5 (16/4)	562.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	77.42	76.05	75.85	74.97	71.42 (19/4)	58.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2215.66	2220.46	2224.51	2233.97	2318.05 (13/3)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	—	180.20	188.64	189.22	190.80 (12/4)	164.44 (8/1)
FRANCE						
CAC General (31/12/82)	214.8	216.8	214.5	214.8	220.0 (12/4)	180.9 (3/1)
Ind Tendance (28/12/84)	117.5	118.9	117.7	117.6	120.6 (12/4)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	422.14	423.52	421.26	418.64	425.55 (21/3)	392.39 (5/1)
Commerzbank (1/12/53)	1225.6	1225.8	1220.7	1214.5	1229.3 (21/3)	1111.8 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1474.21	1500.09	1505.37	1521.80	1521.80 (16/4)	1270.14 (2/1)
ITALY						
Banca Comm Ital. (1972)	275.63	278.31	270.51	272.48	288.11 (20/2)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12114.8	12052.3	12382.1	12297.5	12685.5 (3/4)	11545.2 (5/1)
Tokyo SE New (4/1/68)	946.6	942.34	955.30	954.20	1986.96 (22/3)	918.95 (4/1)
NETHERLANDS						
ANP CBS General (1970)	205.9	207.7	206.6	206.8	209.7 (15/3)	185.6 (3/1)
ANP-CBS Indust (1970)	155.4	158.1	156.1	156.1	158.8 (22/3)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	311.41	312.78	319.33	396.93	345.8 (8/2)	298.16 (2/1)
SINGAPORE						
Straits Times (1966)	786.56	792.10	793.47	794.56	852.85 (7/3)	764.38 (18/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1119.4	1107.8	1120.4	1140.8	836.1
JSE Indust (28/9/78)	—	896.6	892.7	884.1	892.7	767.1
SPAIN						
Madrid SE (28/12/84)	109.82	110.15	110.86	109.45	117.41 (4/2)	101.45 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1458.65	1451.44	1428.93	1419.45	1486.98 (11/2)	1361.60 (2/1)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	420.9	420.6	418.3	418.5	430.6 (19/3)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	205.7	—	204.1	204.6	204.8 (15/4)	194.6 (4/7)

** Saturday April 15: Japan Nikkei-Dow (c), TSE (c).

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡400 Industrials plus 40 Utilities, 40 Financials and 20 Transport. c Closed. u Unavailable.

BASE LENDING RATES

A.B.N. Bank	13 %
Allied Irish Bank	12½%
Henry Ansbacher	13 %
Amro Bank	13 %
Associates Cap. Corp.	14 %
Banco de Bilbao	12½%
Bank Hapoalim	13 %
BCCI	13½%
Bank of Ireland	13½%
Bank of Cyprus	13 %
Bank of India	12½%
Bank of Scotland	12½%
Banque Belge Ltd.	13 %
Barclays Bank	12½%
Beneficial Trust Ltd.	14 %
Brit. Bank of Mid. East	12½%
■ Brown Shipley	13 %
CL Bank Nederland	12½%
Canada Permanent	12½%
Cayzer Ltd.	13½%
Cedar Holdings	14 %
■ Charterhouse Japhet	12½%
Choulartons**	
Citibank NA	12½%
Citibank Savings	¶12½%
Clydesdale Bank	13 %
C. E. Coates & Co. Ltd.	13½%
Comm. Bk. N. East	13 %
Consolidated Credits	13½%
Co-operative Bank	*13 %
The Cyprus Popular Bk.	13 %
Dunbar & Co. Ltd.	13 %
Duncan Lawrie	12½%
E. T. Trust	13½%
Exeter Trust Ltd.	13½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Robert Fleming & Co.	12½%
Robert Fraser & Ptns.	14 %
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	13 %
Heritable & Gen. Trust	12½%
■ Hill Samuel	§13 %
C. Hoare & Co.	13 %
Hongkong & Shanghai	12½%
Johnson Matthey Bkrs.	13 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	12½%
Edward Manson & Co.	14 %
Meghraj & Sons Ltd.	13½%
■ Morgan Grenfell	13 %
Midland Bank	12½%
Mount-Credit Corp. Ltd.	12½%
National Bk. of Kuwait	13½%
National Girobank	13 %
National Westminster	12½%
Northern Bank Ltd.	13 %
Norwich Gen. Trust	12½%
People's Trust	14 %
Provincial Trust Ltd.	13½%
R. Raphael & Sons	12½%
P. S. Refson	13 %
Roxburghe Guarantee	13½%
Royal Bank of Scotland	12½%
Royal Trust Co. Canada	12½%
■ Henry Schroder Wagg	12½%
Standard Chartered	12½%
TCB	13 %
Trustee Savings Bank	12½%
United Bank of Kuwait	12½%
United Mizrahi Bank	12½%
Westpac Banking Corp.	13 %
Whiteaway Laidlaw	13½%
Williams & Glyn's	12½%
Wintrust Secs. Ltd.	13½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.

* 7-day deposits 10%, 1 month 10.75%. Top tier—£2,500 plus 3 months notice is £12.50%, at call when £10,000 plus remains deposited.

† Call deposits £1,000 and over 9½% gross.

‡ 21-day deposits over £1,000 10¾%.

¶ Mortgage base rate.

**See Provincial Trust Ltd.

§ Demand deposits 10%.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX. 01-236 1833

High Income				
Gilts & Fixed Int.	109.5	115.9xd	+0.3	10.95
High Inc Equity	71.4	75.9xd	+0.2	6.11
Worldwide Bond	145.1	156.0	-0.9	6.26
Capital Growth				
American Growth	129.3	137.5	-1.5	1.59
Asian Pacific	46.6	49.6	-0.8	—
Assets & Erngs. Tt.	74.9	80.1	+0.3	3.62
Capital Reserve	55.1	55.0xd	-0.1	0.77
Commodity & Engy.	72.7	77.8xd	-1.0	3.31
General	104.4	111.7	-0.6	2.91
Japan	153.7	165.3xd	-2.7	0.00
UK Growth Acc Units	105.3	113.4	+0.5	1.77
U.S. Emerging Co's	53.1	57.4xd	-0.6	0.45
Equitas Prog	157.4	168.3	-1.3	3.07

Aithen Hume
30, City Road, EC1Y 2AY. 01-628 6626

American Tech Fd.	114.0	122.0	-1.1	0.10
Pacific Fd.	120.0	128.4xd	-0.9	0.20
Secured Income Fd	142.4	151.9	-0.8	5.50
Special Sits	167.5	179.2	-2.2	1.56
Energy Fd.	38.5	41.1	-0.3	0.60
American Majors	56.0	58.9	-0.4	1.56
Small Co's Fd(10for1)	30.5	32.6	-0.1	1.97
Jap. Technology	59.4	63.5		0.10
International Income	48.8	52.3	+0.1	1.00

Allied Unit Trusts Limited (a)(g)
Allied Hambro House, Hutton, Brentwood, Essex
Brentwood. (0277) 211459 & 229123

Balanced Trusts and Income Trusts				
First Trust	165.0	175.7	-1.0	4.21
Growth & Inc Trust	103.8	110.5xd	-0.6	6.16
Capital Trust	189.9	202.2xd	-1.6	2.96
Balanced Trust	280.T	298.9	-1.7	3.94
Accum Trust	422.1	449.5	-2.5	3.22
American Income	28.8	30.7	-0.1	6.51
High Income Trust	182.3	193.9xd	-0.7	5.66
Equity Income Trust	100.5	107.0	-0.3	5.87
High Yield Trust	116.2	123.7xd	-0.2	6.71
Govt Secs Trust	27.8	29.0xd	+0.1	9.93
International Trusts				
International Trst	60.T	64.6	-0.5	2.04
Japan Trust	56.5	60.2	-0.2	0.01
Pacific Trust	111.0	118.2	-0.8	1.03
AmerSpcSitsTst	58.4	62.2xd	-0.4	1.32
Secs.ofAmer.Tst	173.1	184.4	-1.3	1.45
Specialist Trusts				
Allied Asst Val	166.0	176.8	-0.8	3.57
Gilt Growth Tst	31.3	32.6xd	+0.1	3.47
Smaller Co Tst	99.6	106.1	+0.2	2.77
2nd Smlr Co's Trust	129.1	137.5xd	+0.2	2.88
Recovery Trust	57.1	60.8xd		3.08
Met. Min.CmdyTst.	89.9	95.7xd	-2.9	3.08
O'seas Eags Tst	158.1	163.0	-1.4	3.64
Technology Tst.	79.7	84.9xd	-1.4	1.45
Exempt Trusts				
Income Ex. Tst.	99.7	105.7	+0.1	6.38
Far East Ex. Tst.	119.3	126.7	-1.3	1.53
Smaller Co.Ex. Tst.	169.3	175.5xd	+0.6	3.18
U.S.A. Ex. Tst.	292.5	310.0xd	-1.4	1.94

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St, London E1 7HP. 01-377 1010

Wieler Gwth Fd. Inc.	61.0	65.6	..	1.50
Do Accum.	83.0	89.3	..	1.50

Arbuthnot Securities Ltd. (a)(c)
131, Finsbury Pavement, EC2A 1AY.
01-628 9876. 01-628 0901/2/3/4

Capital Growth	49.2	52.6	-0.6	2.02
Commodity	81.5	87.1	-0.8	2.35
(Accumulation)	135.3	144.7	-1.1	2.35
(10% Withdrawal)	44.9	48.0	-0.4	2.35
Eastern & Internatl	91.9	98.2	-0.1	1.53
(6% Withdrawal)	51.7	55.2	-0.3	1.53
Finance & Property	45.5	48.6	+0.7	2.33
Foreign Growth	57.0	60.9	-1.1	1.42
Gilt & Fixed	43.9	46.2	+0.3	9.79
High Income	56.9	60.8	+0.1	6.38
High Yield	58.8	62.8		0.96
Managed Fund	48.3	50.9	-0.2	—
North American	68.8	73.5	-2.0	0.86
Preference	25.3	27.0xd		11.37
Smaller Companies	99.2	106.0	+0.3	0.44
(Accumulation)	105.0	112.2	+0.3	0.44
World Penny Share	9.1	9.7	..	1.85
Portfolio Trust				
UK	61.4	63.6	-0.2	1.95
Japan	50.7	52.9	-0.2	0.10
U.S.	64.1	66.4	-1.5	1.36

Britannia Group—Continued

Sector Specialist Funds				
Commodity Shares	143.3	152.9	-1.7	2.46
Financial Secs.	35.5	37.9	+0.2	2.13
Gold & General	24.6	26.5	+0.1	2.40
Int Leisure Un.	11.1	12.5	-0.2	—
Prop. Shares	40.T	43.4xd	+0.1	1.93
Univ Energy	64.T	69.0	-0.1	0.54
World Tech	41.6	44.4	-0.6	0.51
Overseas Funds				
American Growth	80.2	85.5xd	-1.2	2.47
American Income	51.4	54.8xd	-0.5	6.48
Am. Smaller Cos.	22.6	24.1	-0.3	0.05
Acc Spec Sits.	67.0	71.5	-1.0	1.07
Australian Growth	62.0	66.1xd	-1.7	2.97
Euro Smaller Co Tst.	9.2	9.8	..	0.10
Far East	36.5	38.9	-1.0	1.19
Hong Kg. Performnce	23.8	24.5	-0.8	2.68
Intl. Growth	27.1	28.9xd	-0.3	1.86
Japan Perf Trust	33.8	36.1	+0.3	—
Japan Smlr Co's Tst.	9.3	9.9	-0.1	—
Exempt Funds				
Exempt	59.3	62.3	-0.2	3.66
Ex. Mkt. Ldrs.	65.4	68.5	-0.6	3.08
MEL Trusts				
Melstar Gilt & F.I.	65.3	67.0	+0.2	9.75
Melstar High Income	59.5	62.6	....	5.82

Brown Shipley & Co. Ltd. (a)(g)
9-17 Perrymount Rd, Haywards Hth 0444 458144

B.S. Fund	48.8	52.4	-0.2	4.20
B.S. Accum	78.6	84.4	-0.4	4.20
Financial	94.5	101.1	+0.1	3.04
Growth Accum	164.8	176.5	-0.9	—
Growth Income	106.9	115.0xd	-0.3	1.73
High Income	48.9	52.6xd	-0.4	5.92
Income	54.T	58.9xd	-0.3	4.93
North American	50.3	54.2	-0.7	1.26
Orient	45.2	48.2	+0.3	0.24
Recovery	27.1	29.1	+0.1	2.93
Technology	132.5	142.6xd	-1.3	0.65
Exempt	159.T	171.8	-1.1	2.97

Buckmaster Management Co. Ltd. (a) (c)
The Stock Exchange, EC2P 2JT. 01-588 2868

General Inc April 18	166.2	174.0	...	4.40
Accum Units April 10	255.3	267.3	...	4.40
Income April 17	71.9	75.6xd	..	6.27
Accum Units April 17	120.T	126.8	..	6.27
Intl April 16	102.1	106.8	..	2.10
(Accum Units) April 16	132.7	138.8	..	2.10
‡Smaller Co's April 19	888.4	946.8	-8.9	1.50
(Accum Units) April 19	929.0	990.0	-9.4	1.50

Canada Life Unit Trust Mngrs. Ltd.
2-6 High St, Potters Bar, Herts. P Bar 51122

	90.2	95.0	-0.6	3.12
Do. Gen. Accum	137.6	144.9	+1.1	3.12
Do. Income Dist.	60.8	64.0xd	-0.2	6.22
Do. Inc. Accum.	119.3	125.6	-0.4	6.22
Gilt & Fxd. Int. Trust	34.1	36.0	+0.1	—

Cannon Fund Managers Ltd. (z)
1, Olympic Way, Wembley, HA9 0NB. 01-902 8876

Growth	219.9	233.9	+2.6	3.60
Income	250.3	266.3	+1.6	5.16
Far East	113.2	120.4xd	-2.3	0.33
North American	113.0	120.2xd	-1.4	2.05

Capel (James) Mngt. Ltd.
100, Old Broad St, EC2N 1BQ. 01-588 6010

Capital	259.3	273.0xd	..	2.04
Income	198.9	209.4xd	..	5.75
North American	231.3	243.5xd	..	2.01

Prices on April 10. Next dealing April 24.

Cater Allen Unit Tst Managers
1, King William St, EC4N 7AU. 01-623 6314

Cater Allen Gilt Tst	100.8	107.0	..	11.36

Cent. Bd. of Fin. of Church of England‡‡
77 London Wall, EC2N 1DB. 01-588 1815

Inc Fund March 31		390.75	..	4.60
Fxd Inc Secs March 31		131.65	..	10.86
Dep Fd Mnt March 31		100.0	..	13.00

Charinco Charities N/R Fund‡‡
15, Moorgate, London, EC2. 01-638 4121

Income March 29		153.83		10.14
Do. Accum.		415.03		10.14

Charities Official Invest. Fund‡‡
77 London Wall, EC2N 1DB. 01-588 1815

FT UNIT TRUST INFORMATION SERVICE

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	62.0	66.6xd	....	1.34
Accum. Units	79.1	85.0xd	..	1.34
J. Finlay High Income	55.3	59.1xd	...	7.28
Finlay Wld Energy	16.7	17.9xd		2.02
Accum. Units	23.0	24.7xd	..	2.02
J. Finlay Fd.In.Tst.	82.1	88.3		3.20
Accum. Units	118.7	122.8	..	3.20

Prices on April 17. Next dealing April 24.

Robert Fleming & Co Ltd
8, Crosby Square, EC3A 6AN. 01-638 5858

†Am Exempt (16/4)	3301.87	3081.04	...	1.96
†Jap Exempt (16/4)	214.44	221.48	...	1.85
†Am Prop Tst (15/2)		$11,360	..	7.00
†Prop Tst (25/3)		£2,106	...	6.00

†Unauthorised.

Framlington Unit Mgt. Ltd. (a)
3, London Wall, EC2M 5NQ. 01-628 5181

Amer & Gen.	183.0	194.6	-0.4	—
(Accum. Units)	184.8	196.4	-0.4	—
Am. T'around	178.6	190.0	-0.6	—
(Accum. Units)	182.6	194.2	-0.6	—
Capital Trust	153.4	163.0xd	-0.2	3.24
(Accum. Units)	180.2	191.6	-0.2	3.24
Convertible & Gilt	76.4	81.2	...	6.75
(Accum. Units)	95.4	101.4	...	6.75
Extra Income Trust	114.4	121.6	-0.2	5.78
Income Tst.	86.2	91.6	-0.2	5.43
Int. Growth Fd.	141.4	150.4xd	-0.2	0.40
(Accum. Units)	155.4	165.2	-0.2	0.40
Japan & Gen Fd.	50.8	54.0	+0.4	0.53
Monthly Income Fd	56.8	60.4		6.16
Recovery Trust	97.6	103.8	-0.2	3.44
(Accum. Units)	103.6	110.0	-0.4	3.44

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St, W1. 01-493 3211

Robt. Fraser Ut. Tst.	70.8	75.3	..	1.80

Friends Prov. Trust Managers (a)(b)(c)
Pixham End, Dorking. Tel. 0306 885055

I.B.I. Fund Managers Ltd. (a)
32 Queen Anne's Gate, London SW1H 9AB. 01-222 1000

I.B.I. Brit. & O'seas	95.3	101.4	-0.5	2.00
I.B.I. High Inc	47.8	50.4xd	+0.1	10.10
I.B.I. Security Gilt	51.3	54.1xd	+0.2	3.60

Key Fund Managers Ltd. (a)(g)
57/63 Princess St, Manchester M2 4EQ. 061-236 5685

Key Equity & Gen (z)	165.7	178.2	-0.6	1.85
Key Income Fund	159.8	171.9	-1.1	5.32
Key Fixed Int. Fd.	56.2	60.4	.	11.63

Kleinwort Benson Unit Managers
20, Fenchurch St, EC3. 01-623 8000

KB UK Eqty Gth Inc	215.6	232.9	+0.9	1.35
KB UK Eqty Gth Acc	349.4	377.4	+0.8	1.35
KB Fd Inv Tsts.	154.5	164.6xd	+0.7	2.46
KB Fd In Tst Acc	190.4	203.3	+0.8	2.46
b)SmlrCo'sFdInc	117.T	124.8xd	+0.2	2.25
KB.Sm.Cos.Fd.Acc	150.8	159.8	+0.2	2.25
KB High Yld. Fd. Inc	99.6	105.6	+0.9	5.85
KB Amer Gth Inc	50.0	53.T	-0.1	3.06
KB Int. Recovery Inc	64.4	73.6	+0.2	3.77
KB Int Recovery Acc	71.1	75.9	+0.3	3.77
KB Jap Gwth Inc	46.6	49.6xd	-0.7	0.72
KB W'wide Tech Inc	36.1	39.0	-0.2	—

L & C Unit Trust Management Ltd.
Plercy Hse, Copthall Ave, EC2R 7BE. 01-588 2800

L&C Inc. Fund	317.6	324.1	+7.5	5.93
L&C Intl & Gen Fd	204.8	209.6	-6.6	0.48

Lawson Fund Managers Ltd. (a) (c) (g)
43, Charlotte Sq, Edinburgh EH2. 031-225 6001

American Grth (M)	54.4	58.9	-1.6	1.55
Commodity Energy (M)	37.3	41.0	-0.1	3.50
Charlotte Square (T)	57.T	61.7		4.20
Penny Share (W)	13.8	15.T	..	2.50
Australian & Pac.(T)	6.9	7.6	-0.1	2.50
High Yield Inc (F)	22.4	24.1		10.00
High Yield Acc (F)	25.2	28.4	..	10.00

Legal & General (Unit Tst., Mngrs.) Ltd.

Perpetual Unit Trust Mngmt. (a) (z)
48, Hart Street, Henley on Thames. 0491 576868

Growth	174.0	186.8	-0.7	1.46
Income	132.2	141.6	-0.9	5.47
Worldwide Recovery	102.5	109.8	-0.7	2.08
American Growth	55.4	59.5	+0.1	0.48

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	101.2	108.4xd	-1.0	0.33
Prolific Extra Inc	60.8	64.7xd	-0.2	5.78
Prolific High Inc.	124.2	137.4	-0.6	5.06
Prolific Intl	84.1	90.1xd	-0.7	1.88
Prolific N. Amer.	110.4	118.8xd	-1.3	3.15
Prolific Spec. Sits.	150.0	159.6	-0.2	1.40
Prolific Technology	115.0	123.2	-1.5	1.29

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL. 01-478 3377

Prudential	321.4	341.9xd	-2.4	3.37
Holborn Gilt Tst.	147.6	154.3xd	+0.4	8.44

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd.	321.7	342.7xd	+5.1	3.15
Quadrant Income	181.8	190.6	+5.1	6.37
Quadrant Intl Fund	305.4	321.5		1.06
Quadrant Recovery	210.1	221.2	+5.4	3.27

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

British Life	128.5	135.9xd	-0.6	4.43
Reliance Unit Tst (Inc)	83.5	89.2xd	-0.1	4.12
Reliance Ut Tst (Acc)	107.7	115.1	-0.1	4.12

Ridgefield Management Ltd.
12, The Shrubberies, S. Woodford. 01-530 6203

Income UT	92.7	99.2	-0.2	6.90
International UT	225.5	241.5	+0.3	1.00

N.M. Rothschild Asset Management

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250

TR American Growth	25.2	27.1	-0.2	0.43
TR Global Tech.	28.2	30.1	-0.1	0.10
TR Income Growth	43.8	47.2	-0.1	5.36
TR Income Monthly	38.2	40.7	-0.1	7.62
TR Overseas Growth	33.7	35.9	-0.4	1.89
TR Smaller Cos.	39.1	41.6xd		2.05
TR Special Ops	41.7	44.9	+0.1	1.38

Trades Union Unit Trust Managers
100, Wood Street, EC2 01-628 8011

TUUT April 1	126.3	133.0xd	...	3.81

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651

Colemco April 19	363.8	380.8	+4.0	4.16
(Accum. Units)	581.0	608.1	+6.5	4.16
Fielding Fd April 19	186.4	199.8xd	..	3.75
(Accum. Units)	202.6	217.0	..	3.75
Fielding Inc April 19	131.9	141.4		5.50
Fielding AM&Gen Apr 18	197.6	209.8		2.46
(Accum. Units)	222.2	235.8	...	2.46
S&W American April 17	131.6	137.7	...	4.21

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol. 0272 732241

Australian Securities	60.5	64.8	-1.7	0.75
(Accum. Units)	62.0	66.4	-1.8	0.79
Capital	267.2	283.4xd	-2.0	3.95
(Accum. Units)	461.4	489.2	-3.6	3.95
Exempt	219.8	233.4	-0.2	7.36
(Accum. Units)	467.4	498.4	-0.4	7.36
Far Eastern	121.6	130.4xd	-0.3	0.99
(Accum. Units)	129.1	138.5	-0.3	0.99
Fin & Prop.	38.T	41.3	...	4.37
(Accum. Units)	58.6	62.5		4.17
Gilt Capital Trust	112.0	116.5xd	+0.4	7.30
(Accum. Units)	122.3	127.2	-0.4	7.30
Gilt Income	103.1	106.9xd	+0.2	10.40
(Accum. Units)	132.9	138.4	+0.4	10.40
High Yield	39.T	42.3xd	-0.1	7.40

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh. 031-225 1551

Australian Gold	18.5	19.7	-0.5	0.10

Whittingdale Unit Trust Managers
2 Honey Lane, EC2V 8BT. 01-606 9085/6

Short Dtd Gilt Fd	56.1	56.0xd	+0.2	2.60

Wright Seligman Fund Managers Ltd.
20 Copthall Ave, London EC2R 7JD. 01-638 1626

Growth Fund	54.0	57.0	...	2.02

Weekly dealing day Tuesday.

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93, Cardiff CF1 4AW. 0222 56542

AA Friendly Sy April 1		79.6	....	—

Abbey Life Assurance Co. Ltd. (z)
1-3 St Paul's Churchyard, EC4P 4DX. 0202 292373

Property Fund	210.5	[illegible]		—
Equity Fund	80.4	[illegible]	-0.2	—
Property Acc.	272.0	[illegible]	...	—
Equity Acc.	86.2	[illegible]	-0.2	—
Selective Fund	305.0	[illegible]	-0.2	—
Money Fund	190.0	[illegible]	...	—
Prop. Fd. Ser. 4	214.5	[illegible]	.	—
Equity Ser. 4	91.3	[illegible]	-0.2	—
Man. Ser. 4	288.0	[illegible]	-1.6	—
Conv./Money Ser. 4	178.4	[illegible]	...	—
Fixed Int. Fd. Ser. 4	163.9	[illegible]	...	—
American Ser. 4	222.0	[illegible]	-3.3	—
High Inc. Ser. 4	217.3	[illegible]	...	—
Indexed Inv. Ser. 4	108.3	[illegible]	...	—
Japan Ser. 4	167.6	[illegible]	-4.2	—
Pension Property	341.9	[illegible]	...	—

City of Westminster Assurance
Sentry House, 500, Avebury Boulevard,
Central Milton Keynes MK9 2LA.
Tel. 0908-606101/660888

Current Series				
Property Fund	106.2	111.8		—
Money Fund	198.9	209.6	+0.1	—
Managed Fund	332.T	350.5	+0.3	—
Equity Fund	184.0	193.7	+0.9	—
Fixed Interest Fund	126.3	133.0	+0.2	—
Far East Fund	142.5	150.0	-1.9	—
North American Fund	165.6	174.4	-1.6	—
Natural Resources Fund	97.2	102.3	+0.9	—
S.U.N. Flag Fund	98.7	103.9	-0.6	—
Pension Managed Fund	307.3	307.3	+1.1	—
Pension Equity Fund	161.4	161.4	+1.1	—
PBR Fund	129.1	136.4	+1.6	—

For other prices please telephone 0908 606101/660888

Clerical Medical/Fidelity International
Narrow Plain, Bristol, BS2 0JH 0272 290566

Investment Funds				
Mixed	101.2	106.6	-0.4	—
Equity	111.3	111.3	-0.3	—
Property	96.4	107.0	.	—
Gilt & Fixed Interest	98.2	103.4		—
Indexed Securities	95.2	100.3	-0.3	—
Cash	97.7	102.9	+0.1	—
North American	93.8	98.8	-1.5	—
Far East	82.9	87.3	-0.7	—
International	95.4	100.5	-0.8	—
Special Situations	100.4	105.7	...	—
International Income	106.T	112.4	-0.4	—
American Income	102.3	107.7	-0.7	—
Flexible Retirement Plan				
Mixed	99.2	104.5	-0.7	—
Equity	107.6	113.3	-0.9	—
Property	99.2	104.5	...	—
Gilt & Fixed Interest	99.5	104.8	+0.2	—
Indexed Linked	96.2	101.3	-0.4	—
Cash	99.2	104.5	+0.1	—
North American	93.5	98.5	-1.6	—
Far East	84.1	88.6	-0.8	—
International	92.6	97.5	-1.1	—
Special Situations	102.8	108.3	+0.2	—

For other prices telephone 0272 290566

Colonial Mutual Group
24 Ludgate Hill, EC4P 4BD. 01-248 9861

Capital Life Assurance

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. 0992 31971.

Portfolio Fd Acc	328.0		+1.4	—
Portfolio Fd Init.	254.5		+0.9	—
Portfolio Fd Inv A	327.9	345.2	+1.6	—
UK Equity	144.2	151.9	+2.4	—
Overseas Equity	136.6	143.9	-0.3	—
Smaller Companies	100.8	106.2	+1.1	—
Gilt Plus	102.1	107.6	+0.1	—
Gilt Plus BB	101.8	107.3	-0.8	—
Fixed Int Dep.	101.5	107.0	+0.2	—
Managed	127.6	134.4	+0.9	—
Inter Man.	118.3	124.6	+0.1	—

For other prices please telephone 0992 31971

Gresham Unit Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 767655

Managed Fd.	231.5	261.5	..	—
Money Fd.	168.1	176.9	..	—
Equity Fd.	291.8	307.5		—
Fixed Int. Fd.	126.9	133.7		—
Property Fd.	182.9	193.0		3.0
Managed Pen. Fd.	325.3	342.8		—
Equity Pension Fd.	204.T	215.7		—
Fixed Int. Pen. Fd.	184.1	194.0		—
High Yield Pen. Fd.	184.T	194.7		—
Money Pension Fd.	146.9	154.8		—
Property Pension Fd.	143.7	151.4		—
Gresham/Framlington				
American & Gen. Fd.	274.5	288.2	+1.5	—
Income Fd.	263.2	277.3	+1.4	—
Intl Growth Fd.	283.5	298.1	+0.9	—
Capital Fund	297.7	313.7	+3.1	—
Recovery Fund	193.3	202.6	+0.9	—
Japan & Gen Fd.	100.0	105.4	-1.6	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1132

Flexible Finance		159.39		—
Landbank Secs.		60.23		—
Landbank Secs. Acc.	208.96	203.74		—
G. & S. Super Fd.		£12.022		—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Crescent Life Assurance Co. Ltd.
10 George St, Edinburgh. 031 225 3094

Managed Fund	164.3	174.5		—
UK Equity	195.5	207.4	-0.9	—
Property	165.1	175.1		—
Money Market	123.8	130.6	+0.1	—
Fixed Int.	143.0	151.7	-0.1	—
Japan	175.7	186.4	+0.4	—
North America	142.2	150.9	-0.4	—
International	152.3	161.6	-0.1	—
Natural Res	93.3	99.1	-1.9	—
European	95.8	101.1	-0.1	—
Far East	91.7	96.8	+0.2	—
High Technology	85.7	90.5	...	—
Special Situations	100.3	105.9	+0.4	—

Criterion Assurance Group
Swan Court, Petersfield, Hants 0730 63281

Criterion Mngd Fund	119.3	125.5	.....	—
Pension Mngd Cap	38.7	40.8	...	—
Pension Mngd Acc	42.5	44.8	...	—
Pen G'nteed Dep Cap	—	—	...	—
Pen G'nteed Dep Acc	29.4	31.0	...	—

For closed Fund unit prices ring 0730 63281

Crown Financial Management Ltd.
Crown Hse, Woking GU21 1XW. 04862 5033

Life Funds				
Managed Acc	241.0	253.6	-0.9	—
Fixed Interest Acc	190.T	200.7	+0.4	—
Equity Acc	274.9	289.3	-1.9	—
Money Acc	157.3	165.7		—
Inc. Trust Acc	294.5	310.0	+0.4	—
Intnl. Acc	223.8	235.5	-0.9	—
American Acc	86.2	90.7	-0.6	—
High Income Acc	233.T	246.0	-0.8	—
Property Acc	163.6	172.2	.	—
Individual Pension Funds				
Managed Acc	204.0	214.7		—
Fixed Interest Acc	177.6	186.9	...	—
Equity Acc	275.5	290.0		—
Money Acc	142.6	150.0	......	—
Group Pension Funds				
Mixed	277.6	287.6	......	—
Fixed Interest	193.0	194.9	....	—
Equity	285.7	294.0	...	—
Money	183.1	183.1		—
Other Funds				
Crown Brit. Inv. &		342.5		—
PE Compnd	217.3	228.7		—
Brenda Equity	321.2	338.1		—
Heritage	160.4	168.8		—
Sage	141.0	148.4		—
DBS Managed	152.T	160.7		—
Growth Acc	126.6	133.2		—

Crusader Insurance PLC
Reigate, Surrey, RH2 8BL. 07372 42424.

Growth Prop April 2	128.6	142.4		—
Mgd. Pens. April 10	212.48	214.79		—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	132.1	136.9	-0.5	4.36

Equity & Law
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	337.9	354.7	-2.5	—
Higher Inc. Fund	288.1	303.2	-0.7	—
Property Fund	233.T	245.9		—
Fixed Interest Fund	203.4	214.1	+0.5	—
Index Linked Secs Fnd.	101.8	107.1		—
Gtd. Deposit Fund	159.0	167.3		—

Capital units prices available on request.

Hill Samuel Life Assur. Ltd.
NLA Twr, Addiscombe Rd, Croydon. 01-686 4355

Security Fund	194.0	204.3	-2.9	—
British Fund	190.8	200.9	-2.2	—
International Fund	199.2	209.7	-2.9	—
Dollar Fund	172.0	181.1	-2.8	—
Capital Fund	189.0	199.0	-2.5	—
Income Fund	218.3	229.8	-1.1	—
Property Series A	191.5	210.8	...	—
Property Units	309.9	325.4	...	—
Financial Fund	169.5	178.5	-2.1	—
Managed Series A	218.6	230.2	-1.1	—
Managed Series C	167.2	176.0	-1.1	—
Managed Units	379.7	399.7	-2.1	—
High Yield Fund	204.1	214.9	-1.0	—
Money Series A	155.4	163.6	..	—
Money Units	198.1	208.6	..	—
Equity Fund	238.0	250.6	-2.3	—
Fixed Int Fund	177.5	186.9	....	—
Indexed Sec. Fd.	101.9	107.3	-0.3	—
European Fund	213.5	224.8		—
Natural Resources Fd.	137.4	144.7	-1.3	—
Far East Fund	244.0	256.9	-3.7	—
Smaller Cos.	198.5	209.0	-2.6	—
Spec. Sits Fund	202.6	213.3	-2.1	—
Mngd. Crncy. Fund	125.6	132.3		—
Japan Tech	102.2	107.6	-0.7	—
Pension Fund Prices				
Property Acc.	229.7	241.8		—
Property Cap.	180.3	190.0		—
Managed Acc.	465.6	490.2		—
Managed Cap.	347.7	366.0		—
Guaranteed Acc	234.3	246.7		—
Guaranteed Cap.	174.9	184.2		—
Equity Acc.	379.4	399.4		—
Equity Cap.	297.3	313.0		—
Fixed Int. Acc.	235.6	248.0		—
Fixed Int. Cap.	185.8	195.6		—
Indexed Secs. Acc.	108.9	114.7		—
Indexed Secs. Cap.	95.6	100.7		—

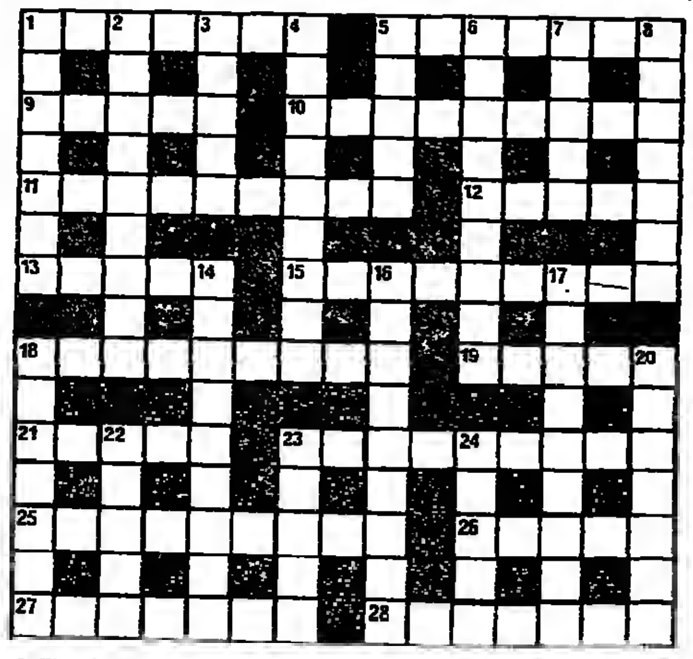
Imperial Life Ass. Co. of Canada
Imperial Life House, London Rd, Guildford. 571255

Growth Fd April 19	203.1	220.7	+1.5	—
Fd Mn Fd April 19	199.2	216.5	+0.3	—
Pn Mn Fd April 19		199.2	+0.3	—
Unit Linked Portfolio				
Managed Fund	198.0	208.4	-0.2	—
Fixed Int. Fd.	187.1	196.9	+1.3	—
Secure Cap Fd.	153.8	161.9	+0.1	—
Equity Fund	346.0	364.2	+0.2	—
Property Fund	158.3	166.6	+1.2	—

Imperial Life (UK) Ltd.
Imperial Life House, London Rd, Guildford 571255

Imperial Investment Portfolio				
Managed Fd.	115.0	127.0		—
Gilt-Edged Fd.	102.4	107.8	+0.4	—
Property Fd.	121.4	127.8		—
High Yield Fd.	124.5	131.0	+0.5	—
Money Mkt. Fd.	101.8	107.2		—
Ind-Link Gilt Fd.	97.6	102.7	-0.1	—
UK Equity Fd.	145.0	152.6	-0.5	—
Intl. Equity Fd.	120.1	126.4		—
Japan Fund	105.1	110.6	-1.7	—

F.T. CROSSWORD PUZZLE No. 5,699



ACROSS

1 Grossly flattering food provided here? (7)
5 Menu changed after seeing piece giving mixture of hydrocarbons (7)
9 Great Dane races, in part, brought back to the ring (5)
10 Nurse returns in informal trousers, showing negligence (9)
11 English car belts done up round part of arm? (9)
12 Law and order group, half dominating (5)
13 Loner, mixing badly, unlikely to do this in club (5)
15 Disallowing record in teeing off (9)
18 Solution O.K.?—do this if you agree (6, 3)
19 Heater is coming back for the open space (5)
21 S.A. capital that's taken in France (5)
23 University's ended, one hears (capsizes?) (5, 4)
25 Most of old County gets round us, alluring (9)
26 The last month the artist is extreme (5)
27 Find lie, perhaps, in an unbeliever (7)
28 I provide bows, yet we're untidy (3-4)

DOWN

1 Top of bush to grow randomly. The blackberry? (7)
2 The South African extinct ox provides storehouse of topics (9)
3 The lady with extremes of dalliance to avoid (5)
4 24 hours recently passed (9)
5 Alloy for money (5)
6 Be careful to remove the windows (when sound) (4, 5)
7 Set me puzzle encounters (5)
8 Money saved—gen gets around (4-3)
14 City abroad to act as superior—one owed allegiance (5-4)
16 Men in the street? (7-2)
17 In a star rising there's one bringing out something new (9)
18 Fool, for example, with first-class weapon (7)
20 We hear there's a good water-sports performer at the top (7)
22 Banter can be rubbish (5)
23 Clever-dick loses weak one to one on top (5)
24 Indian woman has short cry (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

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INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sri Set 4	27.4	28.9		
Managed	20.6	21.7		
Equity	16.8	17.6		
Blue Chip	22.5	23.7		
Special Sits	24.7	26.1		
International	27.5	29.0		
American	21.7	22.9		
Far East	21.1	22.3		
Property	17.2	18.2		
Fixed Yield	19.0	20.9		
Index Linked Secs	11.2	11.8		
Int Currency	13.6	14.4		
Deposit	16.1	17.0		

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	15.10	15.86		

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202/0733 262524

National Provident Institution
48, Gracechurch St, EC3P 3HH 01-623 4200

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 348355

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 622200

Pearl Assurance (Unit Funds) Ltd.
252 High Holborn, WC1V 7EB. 01-405 8441

Phoenix Assurance Co. Ltd.
18 King William St, EC4N 7ER. 01-626 9876

Pioneer Mutual Insurance Co. Ltd.
16, Crosby Rd, N. Waterloo, L'pool 051-928 6655

Save & Prosper Group
28, Western Rd, Romford RM1 3LB 0708-66966

Schroder Life Assurance Ltd.
Enterprise House, Portsmouth. 0705 827733

Scottish Amicable Investments
150 St Vincent St, Glasgow 041-248 2323

Scottish Equitable Life Assce. Soc.
31, St Andrew Sq, Edinburgh. 031 556 9101

Scottish Life Investments
19 St Andrew Square, Edinburgh. 031-225 2211

Target Life Assurance Co. Ltd
Target House, Gatehouse Road, Aylesbury, Bucks.
Aylesbury (0296) 5941

Transinternational Life Ins. Co. Ltd.
55-57, High Holborn, WC1V 6DU. 01-831 7482

Trident Life Assurance Co. Ltd
London Road, Gloucester. 0452 500500

Tunbridge Wells Equitable
Abbey Court, Tunbridge Wells. 0892 41466

Tyndall Assurance/Pensions
18, Canynge Road, Bristol. 0272 732241

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St, Windsor

OFFSHORE AND OVERSEAS

Actibourse Investment Fund SA
37 rue Notre Dame, Luxembourg. Tel. 47971

Adig Investment
Postfach 769, 8000 Munich 1. Telex 524269

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	$255.19	258.82	-0.38	1.15

Next dealing April 26.

For Allen Harvey & Ross see Cater Allen

Alliance Capital Management Intl Inc
62-63 Queen St, London, EC4. 01-248 8881

CAL Investments (IoM) Ltd
16 St Georges Street, Douglas, IoM. 0624 20231

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton Bermuda. (809-291 59950

Capital International Fund S.A.
43 Boulevard Royal, Luxembourg

Capital Preservation Fund Intl.
14 rue Aldringen, Luxembourg 1118

Cater Allen Investment Management (C.I.)
29a Broad St, St Helier, Jersey, CI. 0534 78898

Charterhouse Japhet
1 Paternoster Row, EC4. 01-248 3999

Charterhouse Japhet Currency Magt. Ltd.
PO Box 189, St Helier, Jersey. 0534 74689

Citibank (CI) Ltd "Citifunds"
Green Street, St Helier. 0534-70334

Commodity Advisory Service (IoM) Ltd
48 Athol Street, Douglas, IoM. 0624-20845

Cornhill Ins. (Guernsey) Ltd.
PO Box 117, St Peter Port, Guernsey

Cortexa International
10a, Boulevard Royal, Luxembourg.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt

Delta Group
PO Box 3012, Nassau, Bahamas

Grindlay Henderson Mngt Ltd.
PO Box 414, St Helier, Jersey. 0534 74248

GRE International Invest Mgrs Ltd
PO Box 194, St Helier, Jersey 0534 27441

Guinness Mahon Int. Fund (Guernsey)
PO Box 188, St. Peter Port, Guernsey 0481 23506

Hambro Pacific Fund Mngmt. Ltd.
2110, Connaught Centre, Hong Kong

Hambros Fd. Mgrs. (C.I.) Ltd.
PO Box 86, Guernsey. 0481-26521

Henderson Admin. (Guernsey)
PO Box 71, St Peter Port, Guernsey 0481 26541

Hill Samuel Fd. Mngrs. (Guernsey) Ltd.
PO Box 16 35 High St., St. Peter Port, Guernsey, C.I.

Hill Samuel Investment Mgmt. Intnl. S.A.
PO Box 63, Jersey. Telex 4192274. 0534 76029.

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St, St Helier, Jersey. 0534 72156

Minerals, Oils Res. Shrs. Fd. Inc.
PO Box 194, St. Helier, Jersey. 0534 27441

Samuel Montagu Ldn. Agents
114, Old Broad St, EC2. 01-626 3434

Murray, Johnstone (Inv. Adviser)
163, Hope St, Glasgow, C2. 041-221 5522

NEL Britannia Int Ass Ltd
Acorn Hs, Athol St, Douglas IOM. 0624 24924

Nat. Westminster Jersey Fd. Mgrs. Ltd.
23/25 Broad St. St Helier, Jersey 0534 70041

Newport International Management
Bank of Bermuda Bldg, Bermuda. 809 295 4000

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Bldg, Bermuda. 809 295 4000

Normandy Trust Managers Ltd.
29, Athol Street, Douglas, IoM. 0624 29696

Northgate Unit Tst. Mngrs. (Jersey) Ltd.
PO Box 82, St Helier, Jersey 0534 73741

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.

Parinter Bond Fund S.A.
10a, Boulevard Royal, Luxembourg

Perpetual UT Mngrs (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74517

Phoenix International
PO Box 77, St. Peter Port, Guernsey 0481 23539

Providence Capital International Ltd.
PO Box 121, St Peter Pt, Guernsey 0481 26726/9

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71152

Surinvest (Jersey) Ltd.
4, Hill St, Douglas, Isle of Man 0624 29441

TSB Trust Funds (C.I.)
26, Hill St, St Helier, Jersey (C.I.) 0534 73494

Prices on April 17. Next sub day April 24.

Taiwan (R.O.C.) Fund
c/o Vickers da Costa Ltd, King William St, London EC4. 01-623 2494
NAV $410 IDR value US$10,348.31.

Tennant (Cayman) Managers Ltd and NATCO
PO Box 2189, Grand Cayman. 0101 (809) 9497436

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao
NAV per share $138.99

Tokyo Pacific Hldgs. (Seaboard) NV
Intimis Management Co NV, Curacao.
NAV per share $101.42

Tyndall Bank (Isle of Man) Ltd.
30, Athol St., Douglas, Isle of Man 0624 29301

Tyndall Managers
2 New St, St Helier, Jersey 0534 37331

Tyndall International Assurance Ltd
Albert House, St Peter Port, Guernsey 0481 27066

Tyndall-Guardian Mngt Ltd.
PO Box 1256, Hamilton, Bermuda

M. G. Tyrrell & Co. Ltd.
PO Box 415, London W1S 9NY

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.	$12.30	—	+0.17	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.8	13.4		0.00
Climate Fund	59.5	62.0		0.00
Precious Metal Fund	69.3	72.4		0.00
Vanguard Cmdy. Fd.	19.3	19.8		0.00
Financial Futures Fd	31.6	33.0		—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd.		38.36	+0.13	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	13.35	9.90	14.05	6mth
7-day Fund	13.00	9.72	14.45	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fund	13.19	9.84	14.59	6-Mth
7-day Fund	12.64	9.45	13.96	6-Mth
Dollar	6.56	—	—	6-Mth
Money Mngt Acct	12.75	9.53	14.32	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.00	9.72	14.33	Qtr
Mkt. Int. Chq	12.875	9.63	14.35	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	12.40	9.26	13.80	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.00	13.44	Qtr
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-558 2777				
Cater Allen	12.50	9.34	13.94	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.75	9.53	14.23	Mth
U.S. Dollar	8.00	5.98	8.30	Mth
German Marks	5.0	3.74	5.12	Mth
Swiss francs	2.00	1.50	2.02	Mth
Japanese Yen	5.00	3.74	5.12	Mth
Co-operative Bank 78-80 Cornhill EC3 01-626 6543 Ex 464				
Under £2,500	11.0	8.22	12.11	Qtr
Over £2,500	13.00	9.72	14.40	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	12.75	9.53	14.37	Qtr
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	12.40	9.26	13.80	Mth
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	13.125	9.81	14.01	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
K I C A.	12.26	9.16	13.66	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	12.04	9.00	13.49	Qtr
Provincial Trust (formerly Choularton) 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	13.25	9.90	15.10	Mth
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB 0708 66966				
High Int Bk Acc.	12.40	9.27	13.24	Daily
Premier Acc.	12.40	9.27	13.24	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	12.67	9.47	14.21	Qtr
Money Acc.	12.71	9.50	14.27	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	13.00	9.72	14.81	Mth
Over £10,000	13.25	9.90	15.10	Mth

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
21 Nov	21 May	Treas 3pc 1985	99¼xd	13.4	3.02	13.19
15Jan	15Jul	Treas 11½pc 1985	99⅝	10.12	11.53	12.55
3 Mar	3 Sep	Treas 8¾pcCnv '85	98¾	25.1	8.86	11.89
22 May	22 Nov	Exch. 12¼pc 1985	100⅛xd	15.4	12.20	11.60
25 Aug	25 Feb	Exch. 11¼pc '86	100½	21.1	11.71	11.19
11Oct	11Apr	Treas. 10pcCnv 1986	99¼	6.3	10.09	11.03
19 Nov	19 May	Treas 3pc 1986	94¼	15.10	3.19	8.94
19 Nov	19 May	Exch 10½pc Cv '86	99⅜	15.10	10.57	11.18
12Dec	12Jun	Treas 12pc 1986	100¾	5.11	11.90	11.27
10 Jan	10 Jul	Treas 8½pc 1984-86‡‡	97¼	4.12	8.74	10.95
29 Apr	29 Oct	Exch. 14pc 1986	103¾xd	25.3	13.49	11.20
21 May	21 Nov	Exch. 2½pc 1986	91¾xd	15.4	2.72	8.12
22Jul	22Jan	Exch. 13¼pc 1987	103¼	17.12	12.84	11.15
10 Aug	10 Feb	Treas 10¼pcCv '87	98¼	4.1	10.41	11.19
24Aug	24Feb	Exch 2½pc 1987	90	18.1	2.78	8.46
6Oct	6Apr	Exch. 10½pc 1987	98¾	1.3	10.61	11.11
1 Nov	1 May	Funding 6½pc '85-87‡‡	93xd	25.1	6.99	10.43
12Dec	12Jun	Treas. 10pc 1987	97¾	5.11	10.22	11.15
14Jan	14Jly	Treas 3pc 1987	87⅞	10.12	3.41	9.13
3May	3Nov	Treas. 12pc 1987	101¾xd	27.3	11.79	11.18
26 Jul	26 Jan	Treas 7¾pc 1985-88‡‡	93	20.12	8.33	10.72

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
F My Au N.	Amer Medical IM $1	18½	31.12	60c	—	2.6
May Au No Fb	Amer. Nat. Res $1	49¾	10.10	h$1.41	—	2.1
Ap Jy Oc Ja	American T & T. $1	16¼	27.1	$1.20	—	5.8
My Au N F	Ameritech $1	65⅛	—	$6.00	—	7.2
Mar Jn S D	Amfac	20⅛	26.11	$1.44	—	5.4
—	♥AndTechd	46p	—	—	—	—
Fb My Au N	Bankamerica $1⅝	15⅛	8.2	$1.52	—	7.9
Ap Jly Oc Ja	Bankers N Y. $10	51¼xd	28.12	$2.70	—	4.1
Ja Ap Jy Oc	BASIX Corp	900p	18.3	12c	—	—
My Au N Fb	Bell Atlantic $1	65⅛	27.3	$6.80	—	8.1
Fb My Au N	Bellsouth $1	28½	26.3	$2.60	—	7.2
Mar Jun S D	♥Beth Steel $8	13¼	4.11	40c	—	2.4
Oc Ja Ap Jy	Bowater Inc.	17½	—	72c	—	3.2
Ja Ap Jly O	Brown'g-Fer 16⅔c	33¼	17.12	$1.08	—	2.5
F My Au N	Brunswick Corpn.‖	28⅛	21.1	$1.00	—	2.0
—	♥Business Computer	357p	—	—	—	—
Jan Ap Jly O	CPC Intnl. 25c	32⅛xd	25.6	$2.20	—	5.1
Mr Ju Se De	CSX Corp U $1.00	18¾	23.12	$1.04	—	4.4
Mar. June S.O.	CalFed Inc $1.00	14⅛	11.2		—	1.7
Oc Ja Ap Jy	Campbell Soup 60c	52¾	3.4		—	3.7
F My Au N	Caterpillar Tractor‖	25¼xd	17.4		—	1.5
—	Cenergy Corp. 25c	687p	—		—	0.1
Fb.My.Ag.Nv.	Chase M'htn $12.5	42⅞	29.1		—	6.8
Ap Jy Oc Ja	Chemical New York	31⅝	12.3		—	5.9
Mar Jun S D	Chesebrough-Pond's $1	25⅝	27.2		—	5.9
Mar Jun S D	Chrysler $6¼	28¼	12.3		—	2.8
My Au N F	Citicorp $4	35⅛	26.3		—	5.0
F My Au N	Colgate-P $1	19⅝	22.1		—	5.2
Mr.Ju.Se.De.	Colt Inds. $1	44⅛	12.3		—	4.4
F May Au N	Cont Illinois Hldgs $1	6¼	27.3	—	—	—
—	♥Corporate Data Scnce.	232p	—	—	—	—
Apr Jly O Ja	Crown Zell. $5	32¼	6.3	‡$1.00	—	2.4
—	Cullinet Sftwr $0.1	20⅞	—	—	—	—
—	Damson Oil 40c	319p	—	—	—	—

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Dec	July	Young Brew 'A' 50p	205	26.11	†5.5	2.0	3.8	18.3
Dec	July	Do Non. V. 50p	135	26.11	†5.5	2.0	5.8	12.1

BUILDING, TIMBER, ROADS

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan.	July	AMEC 50p	202	26.11	11.0	◆	6.7	◆
July	Nov.	Aberdeen Const.	182	1.10	†6.5	2.7	5.1	9.4
March		♦Access Satellite 5p	292	11.2	u2.0	2.5	1.0	57.3
—	—	Allied Plant 5p	24½	—	8—	—	—	—
—		♥Amco Ind Hldgs	22	—	—	—	—	—
May	Nov.	Anticlife 10p	46xd	15.4	0.1	◆	0.3	◆
July	Jan.	Atwoods	103	10.12	3.5	1.8	4.9	17.9
Jan.	Aug.	BPB Inds. 50p	255	10.12	77.0	3.5	3.9	9.2
Feb.	Aug.	Baggeridge Brick	252	24.12	6.25	3.7	3.5	10.8
Jan.	June	Bailey (Ben) 10p	26	15.10	‡1.8	2.9		4.0
		Balthurst (H. J.) 10p	35	11'80	—	—	—	13.0
May	Nov.	Barratt Dev. 10p	76xd	15.4	7.62	1.1	14.	9.3
Jan.	July	Bellway	128	26.11	7.0	2.0	7.	8.5
May	Oct.	Benford M. 10p	63	3.9	3.75	◆	8.	◆
		♦Berkeley Group	162	12.4	t3.6	2.6		9.4
Mar.	Aug.	Bett Bros. 20p	63	11.2	t3.1	1.8	7.	9.5
June	Oct.	Blockleys 20p	573xd	15.4	21.0	◆		◆

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Mar	Oct.	♦Kent (John) 5p	50	25.2	g1.23	◆	3.5	◆
Oct.	Apr	Ladies Pride 20p	22	11.3	1.5	◆	9.7	◆
July	Nov	Lee Cooper	130	15.10	3.68	5.1	4.0	5.2
June	Nov	Liberty	400	1.10	†4.5	2.4	0.9	44.7
June	Nov	Do. Non Vtg.	280	1.10	†4.5	2.4	1.5	26.1
Mr Ja Se	De	Limited Inc $0.50	£29	5.3	Q24c	—	0.6	—
Sept.	Apr	Lowndes Kirgoe 10p	160	25.2	5.5	2.5	4.9	9.4
Oct	Apr	MFI Furniture 10p	283	11.2	♦†4.6	2.8	2.3	21.5
Jan.	July	Marks & Spencer	143	29.10	†h3.13	2.0	3.1	22.4
Jan.	July	Menzies (J.)	285	12.11	†h3.0	4.9	1.5	18.3
Dec.	July	Milletts Leis. 20p	125	12.11	t6.95	0.7	7.9	33.9
Jly	Nov	Moss Bros 20p	400	12.11	4.79	3.4	1.7	24.8
July	Feb.	NSS News 10p	110	24.12	3.3	2.9	4.3	11.5
Oct	May	Oliver (G.) "A"	300	25.3	8.0	◆	1.8	◆
Apr	Nov	Our Price 20p	388	25.2	N3.0	4.0	1.1	29.5
July	Dec	Owen Owen	188	15.10	3.9	◆	2.5	◆
Jan	June	Peters Stores 10p	58	26.11	2.0	—	4.9	—
Feb	Oct	Preedy (Alfred)	108	24.12	†3.5	2.1	4.6	(11.8)
December		Ramar Texts. 5p	20½	1.10	1.5	2.2	10.5	(5.1)
Mar	Oct	Ratners 10p	68	28.1	2.3	0.7	4.8	46.2
July		Raybeck 10p	26½	14.5	‡u0.67	4.4	‡	(9.1)
Aug.	Feb.	♦Rayford Supreme	180	11.2	4.9	2.5	3.9	14.5
July	Dec.	Reed Austr 'A' N/V	125	15.10	4.5	◆	5.3	◆

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—		Bailey (C. H.)	20¾	3'80	—	—	—	—
Feb	Aug	Baker Perkins 50p	200	24.12	t6.45	2.7	4.6	10.0
May	Nov.	Barro Inds. 20p.	106xd	15.4	H5.5	◆	7.4	◆
—		Barbican Hldgs 1p	3¼	4'80	8—	—	—	—
May	Dec.	Beauford 10p	76xd	15.4	4.5	◆	8.5	◆
—		Belgrave Hldgs.	121	25.3	4.2	◆	5.0	◆
Apr	Oct	Bevan (D.F.) 5p	16	11.2	d1.0	3.0	8.9	4.2
Apr	Sept	Binnrad Qualcast	84½	25.2	3.25	1◆	5.5	6.0
Jan.	Sept.	Birmingham Mint	205	24.12	‡11.5	1.9	8.0	(8.2)
Ma Ja Se	De	Black & Decker $0.50	£16½	12.3	Q64c	—	1.0	—
—		Blackwood Hodge	28	11'82	—	—	—	—
—		Boulton Wm 10p	9	11'83	—	—	—	—
		For Braham Millar see BM Group						
Jan	Aug	Braithwaite £1	122	24.12	t9.1	0.8	10.7	(18.4)
Feb	Oct	Brasway 10p	55	14.1	th1.33	2.8	3.5	13.5
—		Bristol Ch.Ship10p	4½	10'80	—	—	—	9.8
Jan	July	Brit. Steam 20p	128	24.12	th5.2	1.8	5.9	12.5
Feb.	Nov.	Bromsgrove Inds 5p	24	11.2	h0.92	4.2	5.5	4.9
Nov	May	Bronx Eng. 10p	16	25.3	0.5	—	4.5	—
—		Brooke Tool	26	28.1	1.0	3.8	5.5	5.8
Apr.	Aug.	Brown & Tawse	128	14.1	4.8	2.5	5.4	10.6
—		Brown (John)	52	8'82	—	—	—	—
Sept.	Mar.	Bullough 20p	265	11.2	t7.1	2.5	3.8	13.0
May	Dec.	Burgess Products	160xd	15.4	u2.0	9.6	1.8	28.4
—		Butterfield-Harvey	26½	8'83	◆5—			

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Apr	Sept	Stakis 10p	64	25.2	h1.0	2.8	2.2	19.0
Apr	Oct.	Trusthouse Forte	141	11.2	4.74	1.7	4.8	15.1

INDUSTRIALS (Miscel.)

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Mar.	Oct.	AAH	251	11.3	†6.38	2.3	5.8	10.5
June	Dec	AGA AB K50	636	25.5	u0.22%	◆	3.2	◆
March	Oct	AGB Research 10p	235	28.1	†h6.0	1.4	3.6	25.0
Mar	Sept	AIM 10p	105	11.2	d5.75	1.2	7.8	14.0
August		♦Aaronsite Group	123	11.3	2.8	3.1	3.3	14.0
Oct.	Apr	Aaronson Bros. 10p	102	5.4	4.2	1.9	5.9	11.9
Mar.	Oct.	Abbey	52	9'83	—	—	—	5.5
—		Aberfoyle Hldgs. 5p	44	—	—	—	—	—
October		AGI	138	3.9	♦5.0	3.0	2.2	21.0
—		Alexandra W'kwear 10p	146	—	bq4.5	2.5	4.4	13.0
June		Alfa-Laval AB 'B' SK50	£17⅜	8.5	Q18%	◆	5.4	◆
November		Amari	130	25.10	1.7	8.5	5.3	8.0
Aug.	Sept.	Amber Ind. 10p	105	12.11	5.5	2.3	7.5	8.2
—		Amer Group FM20	£33	21.12	Q15%	1.0	3.0	34.6
—		Ang. African Fin 7½p	45	1'83	—	—	—	—
May	Oct	Anglo Nordic	23	26.11	‡1.6	2.0	8.7	10.8
—		Appledore (A & P) 10p	201	—	ϕ4.57	◆	3.3	◆

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INDUSTRIALS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan.	July	Marshall's Universal	64	12.11	2.0	◆	4.6	◆
June	Dec	Do. 7½pcCnRedPf £1	82	10.12	T7½%	—	13.1	—
Nov	May	Martin-Black	22	5.79	—	—	—	—
—		Mathesons 7¼%	£85	30.6	Q7¼%	2.3	19.3	—
Jan.	June	Metal Box £1	403	26.11	†15.0	3.2	5.3	6.5
Nov.	June	Metal Closures	152	15.4	6.7	2.0	6.3	9.5
—		Metal Scenes 2½p	12	—	—	—	—	—
July	Jan.	Midland Marts	104	26.11	4.0	1.8	5.5	13.2
Jan	May	Mitchell Cotts	70½	25.3	14.0	1.5	8.1	10.1
Jan.	July	Morgan Crucible	510	12.11	8.0	◆	5.5	17.8
May		Morris (W) F.A. 20p	82	—	g0.5	◆	2.2	◆
Jan.	Aug.	Moss (Robt.) 10p	45	26.11	♦12.5	2.3	3.8	13.7
May	Nov	NMW Computers	365	15.10	6.0	◆	2.4	◆
Mar.	Sept.	Nash Inds.	34	14.1	2.5	1.5	10.5	7.8
Oct.	April	Neil & Spencer 10p	30	3.81	◆	—	—	9.0
Jan	July	Newman Industries	32	12.79	—	—	—	◆
Jan July		Do. 10pc CnCm Pf	33	12.11	10%	—	4.3	—
April	Oct	Nolton	51	26.11	g1.2	4.5	3.0	8.9
Jan.	Aug.	Norcros	148	24.12	18.6	2.4	8.3	7.0
Oct.	April	Nu-Swift 5p	56	29.10	†2.4	3.2	6.1	7.3
Feb.	Aug.	Oakwood Grp.	95	28.1	d4.5	1.4	6.8	(10.8)
Jan.	June	Office & Elect	165	29.10	7.5	4.2	6.5	7.6
—		Oldacre 20p	83	28.1	♦4.0	2.6	6.9	7.4
May	Nov	Oriflame Intl SA	825	25.3	46.81	1.3	8.1	12.0
—		Osborne & Little 5p	208	—	bg2.0	3.2	1.4	33.0
Jan.	June	Ovenstone 12½c	17	12.11	‡04.5c	2.2	‡	3.9
May	Nov.	Ozalid 9pc Cnv 87-92	£170	15.4	Q9%	—	15.4	—
—		PCT Grp 20p	160	29.10	g4.8	2.9	4.2	9.8
—		PLM 'B' Sk25	£13½	3.4	Q21.6%	◆	4.6	◆
—		PSM Intl	172	—	bg5.25	2.6	4.4	12.6
—		Pacific Sales 10p	53	25.3	b2.4	2.2	6.5	(8.0)
April	Oct.	Parker Knoll 'A'	176	25.3	9.0	2.8	7.3	6.9
Feb.	Aug.	Pauls	362	10.12	♦F13.0	2.5	5.1	15.9
June	Nov	Pearson	708	15.4	17.0	3.1	3.4	12.2
—		Peek Holdings	24	—	—	—	—	◆
Mar	Oct	Peerless	88	11.2	6.3	1.4	10.2	8.9
June	Nov.	Pentland 10p	468	3.9	2.6	◆	0.6	◆
Oct.	July	Pennos 10p	43	9.80	0.35	◆	1.2	◆
September		Phillips Patents	45	15.10	1.25	—	4.0	—
May	Dec.	Photo-Me 50p	£11¼	15.4	9.45	6.6	1.2	—
Feb.	Aug.	Pilkington Br. £1	298	24.12	§12.5	2.9	6.2	6.3
June	Dec.	Pancy-Bowes Cnv. Ln.	£249	24.12	Q5½%	—	2.3	—
Sept.	April	Plastic Constr. 10p	58	11.2	d2.62	1.4	6.6	(13.4)
Jan.	July	Pledgmon 5p	18½	9.82	8—	—	—	—
—		Plaxton Int.	133	14.1	bg1.64	4.7	1.8	13.7
Feb	Oct	Polly Peck Intl 10p	242	25.2	3.5	10.0	2.1	5.0
Apr	Oct	Do. 9pc Cv Ln '03-08	£110	—	Q9%	—	8.2	—
Apr.	Nov.	Polymark 10p	7½	9.82	—	—	—	—
June	Dec	Do. CnPf A £1	40	6.6	10%	—	35.7	—
Jan.	July	Portals	560	12.11	18.5	◆	4.8	◆
Jan.	Sept.	Powell Duff. 50p	265	26.11	h14.0	1.5	7.5	16.2
Apr	Nov	Prestwich	128	25.3	0.7	7.8	0.8	16.3
June	Nov	Pritchard Svc.	96½	1.10	3.8	◆	5.8	◆
November		Protimeter 5p	37	15.10	t0.7	3.9	2.7	(13.0)

LEISURE—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
June	Jan.	Mngmt. Ag M. 10p	162	14.1	†8.75	1.2	7.7	14.5
—		Media Tech Int 20p	160	—	ug2.58	3.9	2.3	15.8
Apr.	Dec.	Midsummer 10p	177	11.3	†4.85	2.6	3.9	11.9
Oct	May	Miss World 10p	260	25.3	3.6	4.1	2.0	17.7
May		Nationwide Leis.	22	11.3	*3.75	◆	3.8	◆
—		Nimslo Int 20c	25	—	—	—	—	—
July		Owners Abroad	23	9.4	1.0	◆	6.5	◆
—		Photax (Lon.)	42	4.82	—	—	—	—
—		P'dilly Radio NV-5p	22	28.1	1.87	◆	12.1	◆
December		Pineapple Dnc St 10p	70	24.12	d1.5	1.2	3.1	37.6
Sept.	Apr.	Pleasurama 5p	440	17.9	g9.2	◆	3.0	◆
—		Pres Entertain 50p	94	15.4	g2.0	◆	3.0	◆
Feb-July		Radio City 'A' NV	32	10.12	5.6	0.9	25.0	6.4
January		Radio Clyde NV	43	24.12	3.25	2.0	10.8	6.3
July	Jan	Riley Leisure 10p	57	29.10	0.7	—	‡	—
Apr.	Nov.	Saga Hols. 20p	186	11.3	4.0	2.1	3.1	19.9
April		Samuelson Grp.£1	£19½	11.2	19.0	3.6	—	40.8
January		Sangers Photo 10p	36	29.10	b2.0	1.1	7.9	16.3
—		Scoro 50p	200	—	s3.68	◆	2.6	◆
Dec	May	Scott. TV 'A' 10p	136	29.10	8.8	◆	8.5	◆
		SeaCo Inc $0.125	329	31.1	—	—	—	—
—		Select TV 10p	13	—	—	—	—	—
—		Spectrum 5p	35	—	g2.0	4.0	8.2	3.7
May	Nov	TSW 5p	24	15.4	1.5	2.6	8.9	6.0
March		TVS N/Vtg 10p	115	11.2	6.9	2.2	6.2	8.7
—		Television Svcs 50p	225	15.4	d1.5	◆	1.0	◆
April		Tottenham Hotspur	73	11.2	†d2.3	1.6	7.8	(7.7)
Oct	Apr	Trid'nt TV 'A' 10p	245	11.2	†7.5	1.8	4.4	18.3
		21st Century Dist	127½	—	—	—	—	—
Dec		Tyne Tees TV 'A' £1	138	10.12	10.5	2.3	10.9	5.8
Jan	July	Ulster TV N/V 'A'	88	29.10	†4.75	◆	7.7	◆
April	Sept	Webb (Jos.) 5p	22	25.2	d0.52	1.0	3.3	43.7
—		Williams (Rex) 5p	22	—	d0.91	—	5.9	—
Apr.	Nov	Zetters 5p	112	25.2	†3.25	3.0	4.1	11.5

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—		BL 50p	39	—	—	—	—	—
Mr Jn Sp	D	Gen. Mtrs. D$1⅔	290	8.2	Q$2	—	3.5	—
May	Nov	Honda Motor Y50	398	12.11	Q23%	8.6	0.9	12.8
March		Jaguar	287	11.2	g7.75	4.0	3.9	9.0
—		Lotus Car 10p	99	12.81	—	—	—	(50.0)
—		Reliant Motor 10p	42	—	—	—	—	35.8
May		Volvo Kr25	£24	30.5	Q21.2%	◆	2.1	◆

Commercial Vehicles

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—		ERF (Hldgs)	38	7.82	8—	—	—	5.6
Jan.	May	Plaxtons (GB)	73	24.12	4.5	2.1	8.6	7.9
—		York Trailer 10p	38	5.80	8—	—	—	◆

Components

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
July	Jan	AE	156	24.12	4.25	2.6	3.9	11.4

MINES—Continued

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Centennial Min'ls.	344	26.3	—	—	—
—		Colby Res Corp.	90	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c	450	24.1	†Q100c	1.4	10.8
—		Emmet Int. Ir10p	35	—	—	—	—
—		Greenwich Res. Int.	85	—	—	—	—
Sept	Feb	Hampton Areas 10p	210	24.12	3.75	2.1	2.4
—		Highwood Res.	290	—	—	—	—
May	Aug	Homestake Mining $1	£20	31.10	Q20c	—	0.8
—		McFinley Red Lake	245	—	—	—	—
—		Musto Explorations	250	—	—	—	—
—		Nor Sabina Res C$1	40	—	—	—	—
October		Northgate C$1	335	7.77	—	—	—
Jan.	July	RTZ	622	29.10	20.0	2.9	4.7
Jan	July	Do. 9½pcLn '95-2000	£234½	29.10	Q9½%	35.4	7.2
—		Tara Expl $1	£23	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ☨☨ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‡ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish Stocks, the latter being quoted in Irish currency.

Albany Inv 20p	100	−2	Arnott	178	.....
Craig & Rose £1	£10	.....	CPI Hldgs	55	.....
Finlay Pkg. 5p	61	.....	Carroll Inds.	113	.....
Higsons Brew.	125	−2	Dublin Gas	82	.....
Holt (Jos) 25p	768	.....	Hall (R. & H.)	45	.....
IoM Stm. £1	45	+5	Heiton Hldgs.	13	.....
IRISH			Irish Ropes	41	.....
Exch. 12% 1985	£99¾	.....	Jacob (W. & R.)	68	+2
Nat. 9¾% 84/89	£89	.....	Unidare	84	.....
Fin. 13% 97/02	£98½	+¼			

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd.	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	10	Cap Counties	18
Barclays	48	Jaguar	25	Land Secs	25
Beecham	82	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen.	50	Peachey	22
Boots	13	Lex Service	28	Samuel Props.	14
Bowaters	20	Lloyds Bank	43	**Oils**	
Brit Aerospace	33	Lucas Inds.	25	Brit. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	41
Brown (J.)	3	Midland Bk	30	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	4
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	20	Racal Elect	18	**Mines**	
Dunlop	6	RHM	11		
FNFC	8½	Rank Org Ord	32	Charter Cons	13
Gen Accident	45	Reed Intnl	50	Cons. Gold	44
Gen Electric	17	Sears	8	Lonrho	14
Glaxo	85	TI	20	Rio T Zinc	56
Grand Met.	25	Tesco	28		
GUS 'A'	60	Thorn EMI	36		
Guardian	68	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 20

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

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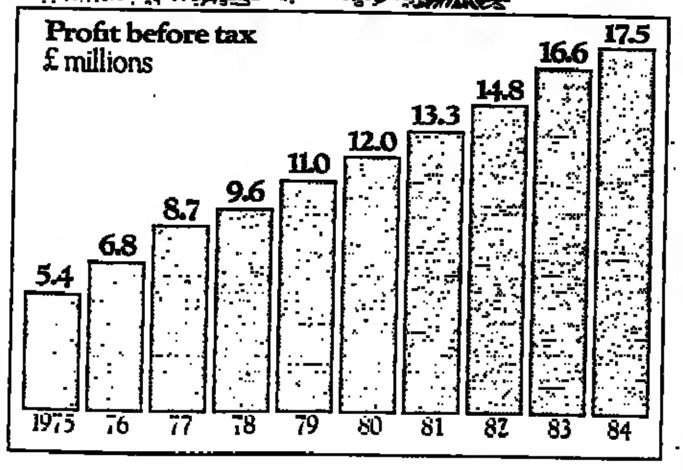

CURRENCIES, MONEY and CAPITAL MARKETS

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	91.21	91.24	91.14	91.28
Sept	90.65	90.86	90.58	90.70
Dec	90.15	90.19	90.10	90.21
March	89.73	89.73	89.68	89.79
June	89.38	—	—	89.45

Estimated volume 4,601 (6,753)
Previous day's open int 17,927 (17,927)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	86.57	88.90	89.51	88.57
Sept	86.27	89.28	89.21	89.24
Dec	89.39	89.44	89.35	89.33
March	89.38	89.47	89.39	89.39
June	89.39	89.47	89.39	89.28

Estimated volume 1,711 (2,743)
Previous day's open int 6,368 (6,368)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	107-19	107-23	107-12	107-23
Sept	111-04	—	—	111-11
Dec	111-06	—	—	111-13
March	110-27	—	—	111-02

Estimated volume 2,478 (2,412)
Previous day's open int 3,164 (3,164)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −24 to −12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2875	1.2895	1.2823	1.2860
Sept	1.2795	1.2795	1.2750	1.2780
Dec	1.2750	—	—	1.2740

Estimated volume 554 (1,035)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3375	0.3379	0.3366	0.3355
Sept	0.3399	—	—	0.3379

Estimated volume 52 (102)
Previous day's open int 276 (276)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4057	—	—	0.4045

Estimated volume nil (nil)
Previous day's open int 167 (157)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4058	0.4058	0.4053	0.4046
Sept	0.4082	—	—	0.4070

Estimated volume 3 (1)
Previous day's open int 368 (368)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	130.46	130.56	129.95	130.60
Sept	131.10	—	—	131.25

Estimated volume 352 (194)
Previous day's open int 1,037 (1,037)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	72-11	72-11	71-30	72-08
Sept	71-09	71-09	71-04	71-07

Estimated volume 1,975 (2,295)
Previous day's open int 2,950 (2,550)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Jun	72-01	72-15	71-26	72-07
Sept	70-31	71-13	70-24	71-05
Dec	70-02	70-14	69-28	70-07
Mar	69-08	69-19	69-01	69-12
Jun	68-17	68-28	68-10	68-20
Sept	67-28	68-07	67-21	67-31
Dec	67-09	67-09	67-06	67-12
Mar	66-24	—	—	66-27
June	66-08	66-19	66-04	66-11
Sept	—	—	—	—
Dec	65-13	65-24	65-09	65-16

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Close	High	Low	Prev
June	92.11	92.24	92.05	92.19
Sep	91.63	91.77	91.58	91.69
Dec	91.15	91.32	91.16	91.25
Mar	90.83	90.93	90.79	90.89
June	90.54	90.63	90.54	90.60
Sep	90.29	90.38	90.27	90.35
Dec	90.06	90.18	90.05	90.16
Mar	89.67	—	89.87	89.95

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
June	91.46	91.31	91.42	91.56
Sept	90.85	91.06	90.83	91.01
Dec	90.33	90.44	90.33	90.49
March	89.92	90.11	89.90	90.08

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev
June	91.10	91.28	91.05	91.22
Sept	90.49	90.70	90.46	90.64
Dec	89.97	90.17	89.96	90.13
March	89.56	89.76	89.55	89.72
June	89.21	89.38	89.20	89.37
Sept	88.90	89.06	88.88	89.06
Dec	88.63	88.79	88.60	88.79
March	88.37	88.53	88.35	88.53

STERLING (IMM) $s per £

	Close	High	Low	Prev
June	1.2850	1.2880	1.2820	1.2885
Sept	1.2770	1.2800	1.2750	1.2805
Dec	1.2735	1.2770	1.2720	1.2770

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	70-03	70-10	70-02	70-06
Sept	69-12	69-13	69-12	69-13
Dec	68-24	—	—	68-28
June	67-22	—	—	67-25
Sept	67-09	—	—	67-12

WEEKLY CHANGE IN WORLD INTEREST RATES

	April 19	change		April 19	change
LONDON			**NEW YORK**		
Base rates	12½-12¾	−½	Prime rates	10½	Unch'd
7 day interbank	13¼	Unch'd	Federal funds	7⅝	−1/16
3mth interbank	12¼	−1/32	3 Mth. Treasury Bills	7.70	−0.33
Treasury Bill Tender	11.5647	−0.3279	6 Mth. Treasury Bills	7.89	−0.36
Band 1 Bills	12⅜	−⅛	3 Mth. C D	8.15	−0.50
Band 2 Bills	12¼	−½	**FRANKFURT**		
Band 3 Bills	12⅛	−½	Lombard	6.0	Unch'd
Band 4 Bills	12	−½	One Mth. Interbank	5.725	−0.05
3 Mth. Treasury Bills	11 11/16	−5/16	Three month	5.925	−0.10
1 Mth. Bank Bills	12 5/16	−¼	**PARIS**		
3 Mth. Bank Bills	11 15/16	−7/16	Intervention Rate	10½	Unch'd
TOKYO			One Mth. Interbank	10⅜	Unch'd
One month Bills	6.28125	+0.0625	Three month	10⅝	Unch'd
Three month Bills	6.29125	Unch'd	**MILAN**		
BRUSSELS			One month	16 1/16	Unch'd
One month	9 11/16	−1/16	Three month	15 5/16	Unch'd
Three month	10	Unch'd	**DUBLIN**		
AMSTERDAM			One month	13½	Unch'd
One month	6⅝	−⅜	Three month	13	−¼
Three month	6 11/16	−1/16			

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

FOREIGN EXCHANGES

Too early to write off dollar

BY COLIN MILLHAM

The dollar is almost certainly set to move lower, but how far and how fast is still a matter of some conjecture. A dollar bull is now as hard to find as a dollar bear at the beginning of the year, although there are still those who believe that speculation about an imminent crash of the U.S. currency is premature.

The expectation of falling U.S. interest rates against a background of slower economic growth is depressing the dollar, but not everyone believes the Federal Reserve is about to encourage a substantial reduction in interest rates. It has been pointed out that money supply growth is anticipated to remain high; that the U.S. economy may well rebound in the present quarter; and that the Federal Reserve is unlikely to welcome any further destabilisation of the dollar.

Opinions were divided about the motive behind the Federal Reserves' injection of $2bn in permanent reserves into the New York banking system on Tuesday. Some observers believe it was a purely technical move, but others suspect it represented signs of an easing of monetary policy. This was a particularly relevant idea after publication of the revised first quarter Gross National Product figure on Thursday. Most forecasters did not anticipate any great change from the earlier flash estimate of 2.1 per cent growth and the announcement of only 1.3 per cent certainly indicates a marked slowdown.

The market had been waiting nervously for this data for some time and the immediate response was to push the dollar below DM 3.00, to the lowest level for five months.

Earlier in the week the U.S. currency had shown strong resistance at attempts to push it through DM 3.00, but now the market is looking for the next resistance level, which may occur around DM 2.92. This level also implies a rate for sterling of $1.30, even if the pound slides back towards DM 3.80 following the latest cuts in bank base rates.

STERLING INDEX

	April 19	Previous
8.30 am	79.6	78.9
9.00 am	79.4	79.0
10.00 am	79.5	78.9
11.00 am	79.3	79.0
Noon	79.4	78.9
1.00 pm	79.4	79.1
2.00 pm	79.4	79.0
3.00 pm	79.4	78.9
4.00 pm	79.5	79.6

UK clearing banks base lending rate 12¾-13 per cent since April 19

£ IN NEW YORK

	April 19	prev. close
£ Spot	$1.2960-1.2975	$1.2880-1.3020
1 month	0.47-0.45pm	0.46-0.43pm
3 months	1.16-1.14pm	1.18-1.14pm
12 months	2.40-2.30pm	2.15-2.06pm

Forward premiums and discounts apply to the U.S. Dollar.

POUND SPOT—FORWARD AGAINST POUND

April 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2865-1.3005	1.2935-1.2945	0.46-0.43c pm	4.13	1.18-1.13pm	3.57
Canada	1.7422-1.7500	1.7450-1.7500	0.43-0.34c pm	2.64	1.12-0.98pm	2.40
Nethlnd.	4.34½-4.36	4.35-4.36	2⅛-1⅞c pm	5.51	5⅞-5¾pm	5.28
Belgium	77.33-77.81	77.70-77.80	22-16c pm	2.93	52-43pm	2.44
Denmark	13.86½-13.93	13.89½-13.90½	3⅞-2¾ore pm	2.70	8½-6⅞pm	2.21
Ireland	1.2285-1.2345	1.2300-1.2310	0.02p pm-0.08dis	−0.29	0.06pm-.13d	−0.13
W. Ger.	3.83½-3.85¾	3.84-3.85	2⅛-2¼pf pm	3.83	6⅛-5⅞pm	9.24
Portugal	216¾-221½	217½-221½	145-535c dis	−18.59	500-1530dis	−16.50
Spain	214½-215¼	214¾-215¼	par-25c dis	−0.70	70-110dis	−1.67
Italy	2,455-2,469¾	2,464½-2,465½	1 lire pm-4 dis	−0.73	8-13dis	−1.70
Norway	11.17¾-11.26¾	11.23-11.24	¾ore pm-1¼ dis	—	1½-2½dis	−0.62
France	11.70¾-11.78	11.75½-11.76½	2¼-1¼c pm	2.04	5¾-4½pm	1.57
Sweden	11.30½-11.36½	11.33-11.34	2½-1⅞ore pm	2.32	3½-5⅞dis	−1.70
Japan	318½-320½	319¾-320¾	1.75-1.66y pm	6.40	4.70-4.56pm	6.79
Austria	26.95-27.11	26.98-27.08	13¼-11¾gro pm	6.58	34⅞-31½pm	4.89
Switz.	3.16-3.23½	3.19-3.20	2⅛-1⅞c pm	7.51	5⅝-5⅜pm	6.89

Belgian rate is for convertible francs. Financial franc 78.05-78.15. Six-month forward dollar 1.88-1.73c pm, 12-month 2.30-2.15c pm.

OTHER CURRENCIES

Apr. 19	£	$		£ Note Rates
Argentina Peso	620.45-521.50	402.66-403.01	Austria	26.90-27.20
Australia Dollar	1.9995-1.2095	1.5480-1.5550	Belgium	77.75-78.65
Brazil Cruzeiro	6,165-6,199	4,770-4,790	Denmark	13.78-13.92
Finland Markka	8.0815-8.1070	6.2610-6.2630	France	11.70-11.80
Greek Drachma	167.19-170.96	129.80-132.33	Germany	3.83-3.87
Hong Kong Dollar	10.0500-10.0600	7.7795-7.7815	Italy	2440-2485
Iran Rial	118.0*	96.10*	Japan	320-325
Kuwait Dinar (KD)	0.3875-0.3883	0.30000-0.30025	Netherlands	4.34-4.38
Luxembourg Fr	77.70-77.80	60.05-60.15	Norway	11.10-11.21
Malaysia Dollar	3.1565-3.1625	2.4410-2.4460	Portugal	215-226
New Zealand Dlr.	2.9100-2.8300	2.1740-2.1935	Spain	208-217
Saudi Arab Riyal	4.6560-4.6680	3.6070-3.6090	Sweden	11.24-11.35
Singapore Dollar	2.8340-2.8440	2.1933-2.1983	Switzerland	3.19-3.22
Sth African Rand	2.4315-2.4490	1.8815-1.9960	United States	1.29-1.30
U.A.E. Dirham	4.7430-4.7540	3.6790-3.6730	Yugoslavia	305-342

* Selling rate.

FORWARD RATES AGAINST STERLING

	Spot	1-month	3-month	6-month	12-month
Dollar	1.2940	1.2896	1.2825	1.2760	1.2718
D-Mark	3.8450	3.8231	3.7848	3.7389	3.6607
French Franc	11.7575	11.7377	11.7115	11.7007	11.7286
Swiss Franc	3.1950	3.1751	3.1396	3.0972	3.0142
Japanese Yen	319.75	318.06	315.15	311.82	305.67

BANK OF ENGLAND TREASURY BILL TENDER

	April 19	April 12		April 19	April 12
Bills on offer	£100m	£100m	Top Accepted rate of discount	11.5917%	11.9527%
Total of applications	£539.35m	£556m	Average rate of discount	11.5647%	11.8926%
Total allocated	£100m	£100m	Average yield	11.91%	12.26%
Minimum accepted bid	£97.11	£97.09	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	48%	95%			

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2860-1.3005	1.2935-1.2945	0.46-0.43c pm	4.13	1.18-1.13pm	3.57
Ireland†	1.0475-1.0535	1.0520-1.0530	0.42-0.37c pm	4.51	1.02-0.92pm	3.69
Canada	1.3495-1.3515	1.3500-1.3515	0.15-0.18c dis	−1.47	0.37-0.42dis	−1.17
Nethlnd.	3.3500-3.3790	3.3645-3.3655	0.47-0.44c pm	1.62	1.50-1.47pm	1.76
Belgium	59.82-60.15	60.05-60.15	6-7c dis	−1.30	15-17dis	−1.07
Denmark	10.68½-10.77½	10.73½-10.73¾	1-1½ore dis	−1.39	3¼-3¾dis	−1.30
W. Ger.	2.9550-2.9830	2.9725-2.9735	0.68-0.63pf pm	2.64	2.05-2.00pm	2.72
Portugal	169-170½	169-170	175-475c dis	−22.97	550-1350dis	−22.29
Spain	165.95-166.85	166.25-166.65	65-75c dis	−5.04	205-235dis	−5.22
Italy	1,897-1,908¼	1,905-1,906	8-8½ lire dis	−4.72	26-28½dis	−6.03
Norway	8.62-8.70	8.68¾-8.69¼	3¼-3¾ore dis	−4.84	8¾-9¼dis	−4.15
France	9.05½-9.10¼	9.07¾-9.08¼	1.67-1.77c dis	−2.27	4.50-4.80dis	−2.04
Sweden	8.71-8.77½	8.76-8.76¼	3½-4ore dis	−5.14	11-11½dis	−5.14
Japan	246.90-248.00	247.05-247.15	0.45-0.42y pm	2.13	1.40-1.35pm	2.22
Austria	20.79-20.95¼	20.90-20.92	2½-2gro pm	1.29	8-6pm	1.34
Switz.	2.4550-2.4810	2.4700-2.4710	0.70-0.64c pm	3.24	2.10-2.04pm	3.34

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 60.30-60.40.

CURRENCY MOVEMENTS

Apr. 19	Bank of England Index	Morgan Guaranty Change %
Sterling	79.5	−10.5
U.S. dollar	142.7	+28.5
Canadian dollar	88.4	−8.9
Austrian schilling	113.8	+4.0
Belgian franc	89.9	−10.6
Danish Kroner	78.2	−5.3
Deutsche mark	133.5	+7.3
Swiss franc	143.2	+9.4
Guilder	113.8	+3.1
French franc	65.6	−15.3
Lira	45.7	−16.7
Yen	155.1	+12.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.777779	0.581581
U.S. $	8	1.00489	0.750821
Canadian $	9.75	*	1.01398
Austria Sch.	4½	21.0586	15.7079
Belgian Fr.	11	60.3386	45.0643
Danish Kr	7	10.8111	8.07133
D mark	4½	2.99407	2.23519
Guilder	5½	3.38100	2.53177
French Fr	9½	9.14048	6.82872
Lira	16½	1915.82	1430.31
Yen	5	248.308	185.791
Norway Kr	9	8.69481	6.52068
Spanish Pta.	—	167.364	125.049
Swedish K.	9	8.79028	6.56846
Swiss Fr	4	2.49162	1.86016
Greek Dr'ch	20½	131.657	97.6819
Irish Punt	12¾	0.957038	0.715068

*C$/SDR rate for April 17: 1.35624.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.0643	+0.36	+0.47	±1.5622
Danish Krone	8.14104	8.07133	−0.86	−0.75	±1.6419
German D-Mark	2.24184	2.23519	−0.30	−0.19	±1.1475
French Franc	6.87456	6.82872	−0.67	−0.56	±1.3669
Dutch Guilder	2.52595	2.53177	+0.23	+0.34	±1.5171
Irish Punt	0.72569	0.715068	−1.46	−1.35	±1.6703
Italian Lira	1403.49	1430.31	+1.91	+1.91	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

April 19	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.294	3.846	319.8	11.76	3.196	4.355	2465.	1.748	77.75
U.S. Dollar	0.773	1.	2.973	247.1	9.080	2.471	3.365	1906.	1.350	60.10
Deutschemark	0.260	0.337	1.	83.16	3.058	0.831	1.131	641.1	0.454	20.29
Japanese Yen 1,000	3.127	4.047	12.03	1000.	36.77	9.992	13.62	7709.	0.465	243.2
French Franc 10	0.851	1.101	3.270	279.0	10.	2.717	3.704	2097.	1.486	66.13
Swiss Franc	0.313	0.405	1.203	100.1	3.680	1.	1.363	771.5	0.547	94.33
Dutch Guilder	0.230	0.297	0.883	73.43	9.700	0.734	1.	566.0	0.401	17.85
Italian Lira 1000	0.406	0.525	1.560	129.7	4.770	1.296	1.767	1000.	0.709	31.54
Canadian Dollar	0.572	0.740	2.200	183.0	6.728	1.828	2.492	1411.	1.	44.94
Belgian Franc 100	1.286	1.664	4.945	411.3	16.19	4.109	5.601	3170.	2.248	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	13-13⅛	7¼-7⅜	9⅜-9¾	5⅝-5¾	⅞-1⅛	5¼-5⅜	10⅜-10½	12½-13½	9¾-10¼	9¾-10	6-6½	9⅝-9⅞
7 day's notice	13⅛-13¼	8⅛-8¼	9½-9⅞	5⅝-5¾	1-1¼	5½-5⅝	10⅝-10⅞	12½-13½	9¾-10	9¾-10	6 1/16-6 3/16	9¼-9⅝
Month	12 13/16-12 15/16	8 11/16-8 13/16	9½-9 11/16	5⅝-5¾	4 7/16-4 9/16	5½-5⅝	10½-10⅝	13-13½	9¾-10	9¾-10	6¼-6⅜	9¼-9⅝
Three months	12 9/16-12 11/16	8⅛-8⅜	9½-9 11/16	5⅝-5¾	5⅛-5¼	5⅜-5½	10 9/16-10 11/16	13½-14	9¾-10	9¾-10	6-6⅜	9⅜-9⅝
Six months	11¾-11⅞	8 13/16-8 15/16	9⅝-9⅞	6 1/16-6 3/16	5¼-5⅜	5⅝-5¾	10⅝-10¾	14-14⅜	9¾-10	9¾-10	6⅜-6 7/16	9¾-10¼
One year	11 7/16-11 9/16	9 1/16-9 3/16	10-10⅛	6¾-6⅞	5 7/16-5 9/16	6-6⅛	10⅞-11	14½-14⅞	10-10¼	10⅛-10⅜	6⅜-6 9/16	10⅛-10⅝

Asian $ (closing rates in Singapore): Short-term 8 5/16-8 7/16 per cent; seven days 8¾-8⅞ per cent; one month 8¾-8⅞ per cent; three months 9 1/16-9 3/16 per cent; six months 9⅜-9½ per cent; one year 9¾-9⅞ per cent. Long-term Eurodollars: two years 10¼-10½ per cent; three years 10¾-11 per cent; four years 11⅛-11⅜ per cent; five years 11¼-11½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Lower rates and large shortages

A rather uncomfortable week on the London money market finished with another cut in clearing bank base rates. These have in effect come down steadily, but only in ½ per cent moves, although since two of the major high street banks are out of line with the other two the change for each individual bank is ½ per cent. This steady fall of ½ per cent in the lowest level of rates, with National Westminster and Lloyds now on 12¾ per cent and Barclays and Midland on 12¾ per cent, may not altogether displease the Bank of England, since the authorities have made it clear that any sharp change in rates is not welcome.

The central bank had refused all week to endorse the previous fall in base rates, obviously wanting to see the revised U.S. first quarter GNP figure and market reaction to the March UK Public Sector Borrowing Requirement, before giving the green light to any further move.

Sterling gained sharply against a weaker dollar on the GNP announcement, and the favourable PSBR data encouraged gains in gilts and a further easing of London wholesale money rates.

There was no resistance when National Westminster led another base rate cut on Friday, with the Bank of England quickly cutting its money market dealing rates by ½ per cent to come into line. The discount houses began to sell some paper outright at the new rates.

According to the Bank of England the total shortage last week was about £6.5bn, and dealing with such a large figure was not helped by a general shortage of longer dated bills, as well as the reluctance of the houses to part with paper outright on expectation of lower interest rates. A large amount of the shortage had already been rolled into next month before rates were cut on Friday. Market rates discounted the move by National Westminster, and with three-month money now around 12½ per cent the leapfrogging in base rates is expected to continue.

The Bank of England is still resisting any sharp change however, and on Friday afternoon lent a substantial sum to the discount houses, until the end of the month, at 12¾ per cent, compared with the dealing rate on 14-day bills of only 12½ per cent.

UK clearing banks base lending rate 12¾-13 per cent since April 12

MONEY RATES

April 19	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.6-5.8	10⅝	¾-1¼	6¼-6⅜	6.00625	15¼-15⅝	—	13½-13¾
One month	5.85-5.90	10½-10⅝	4¾-5	6⅜-6½	6.28125	14¾-15⅛	9.30	13⅜-13⅝
Two months	5.79-5.90	10⅜-10⅝	—	—	—	—	9¾-9⅞	13⅛-13⅜
Three months	5.85-6.00	10⅛-10⅝	4⅞-5⅛	6⅝-6¾	6.28125	13⅛-13½	—	12⅞-13⅛
Six months	5.95-6.10	10½-10⅝	—	6 11/16-6 13/16	—	—	9⅞-10⅛	12¾-13
Lombard	6.0	—	—	—	—	—	9⅞-10⅛	—
Intervention	—	10½	—	6⅛	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Apr. 19 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10-13⅛	13⅛-13⅜	12-13½	10-12¾	—	—	—	—	—
2 days notice	—	—	13-13⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅛-13⅜	—	—	—	—	—	—	—	—
One month	12 15/16-12⅞	12⅝-12 13/16	13¼-13¼	13¼-13⅜	12⅝-12¾	—	—	—	—	—
Two months	12½-12⅜	12⅝-12¾	12⅝	12⅞	12½	—	—	—	—	—
Three months	12 7/16-12 9/16	12 7/16-12 9/16	12⅜	12¾	12	12⅜	12¼	12 5/16	12¼	12⅞
Six months	11⅝-11½	11⅝-11⅞	12¼	12⅜	11⅞	12 1/16	12	12 1/16	12	12 11/16
Nine months	11 7/16-11 9/16	11 7/16-11 9/16	11¾	—	—	11 11/16	11½-11 11/16	11⅝	11⅛	12
One year	11⅜-11¼	11⅜-11½	—	—	—	—	—	11 5/16-11 7/16	11	11¾

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13¼-12⅞	—	12¾	8.15-8.25	8 1/16-8 3/16	9 5/16-9½
Two months	12⅞-12⅝	—	12½	8.25-8.35	8¼-8½	9⅜-9⅝
Three months	12⅝-12¼	—	12⅜	8.35-8.45	8⅜-8⅝	9 7/16-9⅝
Six months	12¼-11⅞	—	11⅞	8.5-8.6	9⅛-8¾	9½-9 9/16
Nine months	12-11⅝	—	11¾	9.0-9.1	—	—
One year	11⅞-11½	—	11⅝	9.1-9.2	9⅛-9⅜	9 5/16-9 9/16
Two years	—	11⅝	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11⅝	—	—	—	—
Five years	—	11¾	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period March 6 to April 2 (inclusive): 13.919 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Financial Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 12¾-12¾ per cent. London Deposit Rates for sums at seven days' notice 12¼-12⅜ per cent. London Deposit Rates for sums at seven days' notice 9.65-7.25 per cent (net). Treasury Bills. Average tender rates of discount 11.5647 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13 per cent; one-three months 12½ per cent; three-six months 12⅛ per cent; six months 12 per cent; nine-12 months 11¾ per cent. Under £100,000 11 per cent from April 17. Deposits held under Series 5 11¾ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 19)

Three months U.S. dollars

bid 9 11/16	offer 9 13/16

Six months U.S. dollars

bid 9 7/16	offer 9 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4 pm)

Prime rate	10½
Broker loan rate	9
Fed funds	8
Fed funds at intervention	7⅞

Treasury Bills

One month	7.30
Two month	7.40
Three month	7.69
Six month	7.86
One year	8.16

Treasury Bonds

Two year	101 5/32
Three year	100 25/32
Four year	102 6/32
Five year	102 5/32
Seven year	102 12/32
10 year	100⅛
30 year	99 27/32

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هكذا من الأصل

SECTION III

FINANCIAL TIMES SURVEY

Saudi Arabia

Saudis say that the current recession is good for them and the Government hopes that private business will take up the running in the kingdom's development. But it may be that businessmen will find working in a poorer economy less attractive than they imagine.

Coming to terms with recession

BY MICHAEL FIELD

IN THE past year the effect of recession on a society which had become used to seemingly limitless wealth has become the main preoccupation and talking point among Saudis.

Thanks to the international oil glut Saudi Arabia's oil revenues are now a quarter of what they were four years ago—$28bn compared with more than $110bn in 1981.

The Government is reducing its spending. The Arabian American Oil Company (Aramco) index of construction contract awards fell from 680 in mid-1982 to 250 last autumn, at which point the company decided the index was no longer very interesting as an indicator of the state of the economy and ceased to publish it.

Hundreds of small enterprises have stopped doing business and one or two bigger companies have collapsed. Among the banks the main subject of discussion is the default of private borrowers and the difficulty of obtaining the repayment of loans through the courts.

The most common reaction of Saudis to the recession is to say that it is good for them. It is argued that the boom of the 1970s and early 1980s could not last and that increasing competition will weed out weak companies which relied mainly on personal connections to win business. The economy should become leaner and more efficient.

From now on it is the intention that the private sector, which has made enormous profits in the last decade, should take part of the burden previously borne by the Government, and should play a more active, higher risk role in the development of the economy, mainly through investing in more sophisticated industries.

This, together with the need for greater efficiency and the development of Saudi manpower (to make the kingdom less dependent on socially disruptive and expensive foreign labour) is the theme of the Fourth Five Year Plan for 1985-90, which was published at the end of March.

In present economic conditions the plan is no more than a statement of general intentions and a list of many of the projects that the Government would like to implement.

The spending figure attached to it is 1 trillion riyals (SR 1,000bn or $280bn), which is exactly five times the spending target of the 1985-86 budget. As the very round nature of the figure implies, the Government has little idea of what revenues it will be receiving over the next five years.

Its income could fall dramatically if there is a cut in the price of oil, but it is certainly unlikely to rise significantly above current levels.

The question which hangs over the plan is whether, for all the relaxed attitude to the recession of the Government and private sector, Saudi businessmen will really be prepared to invest in more ambitious projects in future.

After living for a decade with Government policies which were designed actively to enrich them, businessmen may find working in a "normal" economy less pleasant than they imagine.

It may also be that young people just leaving university will be less happy than the establishment hopes to find that they cannot earn the incomes that their predecessors who left in the 1970s earned.

One hears it said that they will accept their bad luck with good Muslim fatalism, or that anyway they will be sharing in the fortunes of their relations—though in fact extended Arab families share their money less widely than is often imagined.

None of the discussion of the Saudi economy seems to have had any effect on internal politics. The kingdom has been as calm in the last 12 months as it has been every year since 1980.

The Government moves extremely slowly on the various political issues that face it, but its slowness seems to be accepted by the mass of the population.

There is a large and growing contingent among the middle classes that would like Saudi Arabia to become a more liberal, politically freer society in which they were allowed to have some influence on government, but these people are mostly very comfortably off and are not in any sense a threat to the established order.

They are balanced by an equally large middle class contingent which seems wholeheartedly to endorse the Government's cautious attitude to change. (A former Western ambassador to Saudi Arabia remarked recently that the Saudis were the most conservative people he had met).

Despite the expectations of part of the middle-class population there has been no Cabinet reshuffle—in fact there have been only incidental changes in the Council of Ministers since 1975.

On the other hand, after years of speculation about the appointment of a new governor for the Eastern Province, the oil-bearing region next to the Gulf, a change was made at last in early 1985. One of the King's sons, the energetic former businessman, Prince Mohammad, replaced the ageing and silent Abdul-Mohsin bin Jiluwi.

It is being said that there will soon be an announcement on the creation of a Majlis as Shura, a Consultative Council of appointed deputies which will advise the King. The majlis has been promised for several years but was forgotten until the King raised the matter last autumn.

The intention is that the majlis should be composed of members drawn from regional councils in the 14 provinces, and that the regional councils in some way should be elected. In Riyadh the majlis members will have three main roles: to approve the budget, to discuss legislation and to question officials.

A commitee headed by Prince Naif, the Minister of the nterior, and including the Minister of Pilgrimage and the Chairman of the Board of Grievances, gave its recommendations on the majlis to the King early last year. The delay in implementation is being caused mainly by opposition in the ranks of the royal family and the religious establishment.

The reform is to be linked to the promulgation of a "Basic Charter of Government," which will supplement the Shariah (Quranic law) as the Saudi constitution, and a modernisation of the administration of the provinces.

Apart from introducing provincial assemblies, the changes

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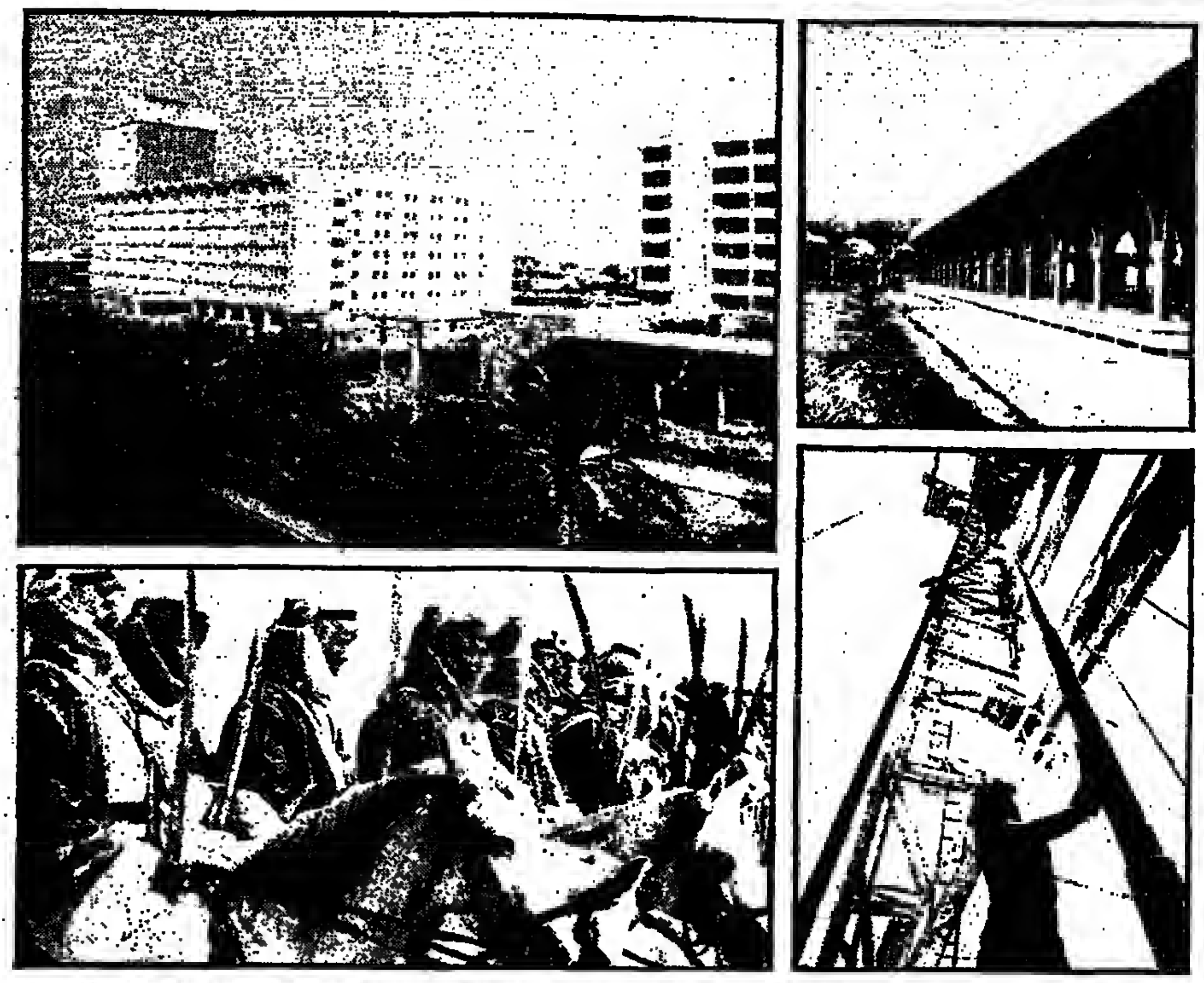


TOP LEFT: The Ministries of Planning, Justice and Youth Welfare in Riyadh. TOP RIGHT: All buildings of the new King Saud University are connected by pedestrian malls. BOTTOM RIGHT: Oil drilling rig in the kingdom's East Province. BOTTOM LEFT: The National Horse Guards

Contents

Businessmen question Government optimism

The Economy

MICHAEL FIELD

THE LINE on the current recession taken by the Saudi Government and leading businessmen is that it is the best thing that could have happened to the country.

"For the first time we are seeing people looking at business decisions," Abdul-Rahman Zamil, the Deputy Minister of Commerce, said recently. "Why should I buy this car?" they ask. "Why should I give this employee a villa when he has an apartment at home, why should I give him two holidays a year?" People are shopping around for the best source of materials. They are doing things that are perfectly normal in the West but which had been forgotten here.'

The cause of the recession and its alleged beneficial effects is the fall in Saudi oil production combined with the weakening of oil prices. Government oil revenues in this financial year (1985-86) are expected to be only $28bn, compared with over $110bn in the calendar year 1981.

Despite the huge fall in receipts, overall Government spending has declined by a fairly small amount since the early 1980s. Within the total, however, there has been a steady increase in current expenditure and a decrease in spending on new projects.

It is therefore the contractors who have been hit hardest, and the problems they have felt have been fed through to importers and manufacturers of building materials and equipment and thence to all other sectors of the economy.

Inefficiency

Contractors have found that they are not being awarded the same number of new contracts, which has meant that they can no longer use advance payments to fund other operations or cover their inefficiency in executing earlier contracts.

Those contracts they do win they are taking on at much lower prices. Officials say that the introduction of compulsory public tendering for Government contracts in 1983 and the tightening market has cut project costs by up to 30 per cent.

In some cases, it is claimed, the per bed price of hospital bids has halved. The winning bid in January for the 1,200 Mw Qurrayah power station in the Eastern Province worked out at only $278,000 per megawatt. This price, offered by a Mitsubishi consortium, caused amazement in the industry.

Although less widely publicised, some of the prices quoted by Saudi contractors for simpler work—roads, drainage schemes and parts of airports—have been equally remarkable.

As well as accepting lower fees (or predictable outright losses) contractors have suffered from delays in Government payments, or, technically, from Government agencies taking longer than usual to approve work and therefore witholding payment. In the last few months the consensus has been that at least the delays are getting no worse and may even be improving.

The problems of contractors have been matched by a glut in the real estate market, caused by over-building in the boom years and the exodus of foreigners in the recession.

Many contractors and real estate owners are ceasing operations. A figure often quoted is that 1,500 companies have gone bankrupt or sought Government help in the last two years.

In fact this figure is misleading because the entities that have stopped working can hardly be described as companies, the establishment of a business in Saudi Arabia being a much less formal affair than it is in the industrialised world.

What has happened, in effect, is that a large number of small enterprises have become dormant.

Only a handful of reasonably well-known names have gone bankrupt or suffered financial crises. In the contracting business they are Carlson al Saudia and National Chemical Industries, which both collapsed, and the Ali and Fahd Shobokshi partnership, which has had to reschedule a series of large bank loans.

The enterprising food manufacturer, Helwani Brothers, has restructured its debts, and the National Auto Company, agent for Chrysler and Dodge in Riyadh, had its assets seized in February on the order of Prince Salman, the province governor.

In every case in which a company has run into difficulties tha problems have been mainly a result of its own misjudgments, inefficiencies or bad luck, not late Government payments.

There is some justification in the establishment line that the squeeze on the private sector is no bad thing. As Abdul-Rahman Zamil says, in the 1970s and early 1980s Saudi private businesses developed highly extravagant habits in which all the emphasis was on speed and ease of operations and none on saving costs. They employed too many people and were too prepared to buy new rather than repair equipment.

Now companies and individuals are buying used cars, which is a new phenomenon. Instead of holding equipment they have bought for a job which is finished they are auctioning it; or they are deciding not to buy at all but to lease what they need.

In effect the Saudi economy is becoming more normal. The Government argument is that the days of 30-100 per cent profit margins were bound to end at some point and that if the kingdom is to become a diversified, modern economy its companies must operate as companies do elsewhere.

The Government goes on to say that the old opportunities in contracting and real estate are being replaced by new ones on operations and maintenance and to some extent in industry. Companies must adjust to the changing shape of the economy.

Having been launched in industry, real estate, agriculture and contracting by extremely generous Government loans and subsidies, it is said, the private sector ought now to look to the state for legislative backing and some financial help but not for spoon-fed profits.

For several years the Government has been saying that in the Fourth Plan, which has just been published, it will expect the private sector to take more of a lead in the Kingdom's development.

It should invest its capital in new public companies which will be launching intermediate industries, rather than the very simple factories, mostly producing construction materials, which the private sector has built so far.

It is pointed out that private business in the last 10 years has accumulated enormous amounts of cash assets in Saudi Arabia and abroad. There is some $40bn in the banking system, much of which the banks have placed abroad.

Confidence

In theory the Government's logic is excellent. The snag is that it will only work if the private sector has confidence.

It is not difficult in Saudi Arabia to find companies—mostly foreign companies or Saudi-foreign joint-ventures which tend to feel less obliged to be patriotic than local firms—that say that they agree that there is a lot of money in the private sector, that they are sure the kingdom could survive on an oil production of 3.5m barrels a day if the Government made the right economies, and that they are prepared to believe that the oil market will revive the 1990s.

The problem, they say, is that they are now making slim profits (or losses), they expect many more Saudi companies to go bankrupt or fade away in the next 12 months, they worry about the banks' inability to recover loans from defaulting borrowers (see other articles in this survey), and they see a great lack of ideas for profitable new industrial projects.

They add that the Government was drawing down its reserves too fast for comfort last year—it took $20bn leaving liquid assets of $60-70bn—and that they are not sure that it has really accepted the fact that it has to make economies.

There are still projects being built that are over-luxurious or entirely unnecessary. The most famous is the new Eastern Province airport, which is so close to the recently completed Jubail airport that the latter will have to close.

It is difficult to judge between the arguments of the Saudi establishment and the cynical businessmen. It is still not at all clear how the Saudi economy will develop.

It is not easy to see tha private sector in its present mood taking up the running in the economy, though it is certainly patriotic and it may begin to invest more if it is shown the opportunities and decides that the Government can help it earn profits at a level that can compete with the income on foreign investments.

There will undoubtedly be more companies disappearing or going bankrupt, but this will not be very important. Given that the biggest Saudi companies are under-borrowed and that banks in the Arab world as a whole are under-lent, the chances of bankruptcies producing a chain reaction are small.

The Government, meanwhile, at least is beginning to make economies. In the last 15 months there have been cuts in the subsidies paid on petrol, electricity, water and certain foodstuffs, though the amounts involved have not been great.

Last autumn the Government announced a much more important reduction in the price it guarantees to pay for locally grown wheat. This alone will save it $500m at last year's level of production.

Recently restrictions have been placed on the amount of overtime Government employees may work and on Government officials' foreign travel.

It was said when the 1985-86 budget was published on March 22 that there will be further cuts in subsidies in the next few months. Indeed, cuts will be a necessity if the Government is to meet the budget's spending targets.

Contracts awarded

On the capital spending account there are certainly fewer entirely new projects being launched. When they hear criticisms of "unnecessary" projects, officials say that the schemes concerned have all been started in some way already, that the land has been purchased, the money allocated, or preliminary contracts awarded.

However, other governments might view such schemes, in Saudi Arabia these arguments seem to be widely accepted as justification for the projects being continued.

The vast Eastern Province airport, which has become a famous point of argument, has additional political logic behind it. The project falls in the realm of Prince Sultan, the Minister of Defence, which means that in any circumstances it would be difficult to abandon. It is also seen as a prestige gift by the Government to a region which has previously had its development slightly neglected.

The news of the beginnings of restraint on project and current spending programmes seems to be confirmed by the overall look of the 1985-86 budget. The document is somewhat optimistic on both its revenue and expenditure sides, but it is certainly more realistic than last year's budget.

Although unofficial calculations suggest that the kingdom will have to draw on its reserves again, the drawings will be on a much smaller scale than in 1984-85.

The King himself said when he introduced the budget: "It is natural that we have to adapt ourselves in a constructive way to the new circumstances."

By Western standards of blunt political speaking this may sound a remarkable understatement. But to an Arab audience, living in a society which prefers not to tackle difficult issues openly, it must have seemed more interesting.

The Saudi style in the present circumstances is to pretend that everything is well and, behind a smokescreen of complacent rhetoric, quietly to do something.

This saves the face of everyone involved—it spares the blushes of those in government who have miscalculated and those in business who are being squeezed. But it makes it difficult for foreigners to work out exactly what is happening.

1985-86 Budget outlook

OIL PRODUCTION CAPACITY:
Installed capacity 12.5m barrels a day, sustainable production capacity 8.5m b/d.

OIL PRODUCTION:
Quota allocated by Opec, including Saudi share of Partitioned Zone output, 4.3m b/d. Possible production in 1985-86, inc including PZ, 4.1m b/d. This excludes natural gas liquids, from which sales revenues are retained by Petromin, the state oil company.

DOMESTIC CONSUMPTION:
Saudi consumption is about 600,000 b/d. The sale of oil products on the domestic market is a break-even operation which yields no revenues. A further 200,000 b/d is produced on behalf of Iraq.

REVENUE-EARNING OIL EXPORTS:
4.1m b/d less about 1m b/d= 3.1m b/d.

REVENUE PER BARREL:
In April 1985 the average price of Saudi oil exports is reckoned to be just over $27 a barrel, on the assumption that about 40 per cent of exports are Arabian Light crude. Of the export price $2 is retained by Aramco to cover operational expenses and just over $25 is handed to the Government.

OIL REVENUES:
On the basis of the volume and price above revenues in 1985-86 would be $28.4bn (SR 101bn). A range often suggested is $27bn-$29bn.

OTHER GOVERNMENT REVENUES:
Investment income maximum $8.5bn (SR 30bn). Domestic revenues — corporation tax, tariffs, land sales, zakat religious income tax — $7bn (SR 25bn). This figure could be increased if the Government takes further measures to increase taxes. Possible drawings on accumulated cash holdings of Petromin and Aramco $2.8bn (SR 10bn). Total $18.3bn (SR 65bn).

TOTAL GOVERNMENT REVENUES:
Oil revenues $28.4bn plus other revenues $18.3bn= $46.7bn (SR 165bn).

BUDGETED REVENUES AND SPENDING:
Budget for 1985-86 is perfectly balanced with revenues and spending both projected at $56.3bn (SR 200bn).

LIKELY REVENUE SHORTFALL:
If spending runs at the budgeted level and revenues at the level suggested above there will be a shortfall of $10.4bn, which will have to be met by drawings on reserves.

CURRENT LEVEL OF RESERVES:
No up to date figures have been published but it is thought that the financial reserves of the Saudi Arabian Monetary Agency are about $100-110bn. This figure would include assets held to back the currency, which seem sometimes to be excluded in official references to reserves. Of the total about $70-80bn earns income (the balance being in loans to Arab governments and other non-commercial assets), and about $60-70bn is fairly liquid.

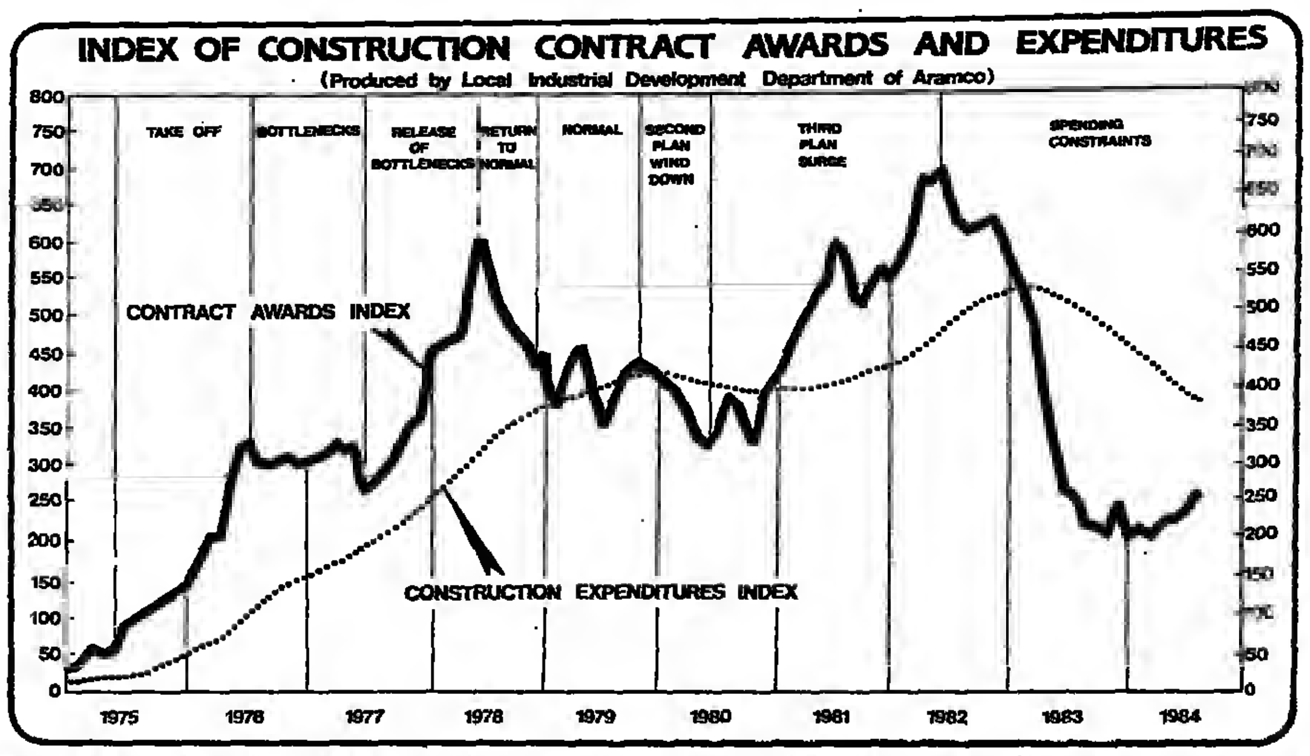
PAST BUDGETS—OFFICIAL FIGURES:

1982-83	allocated $91bn actually spent $71bn
1983-84	allocated $75bn (revenues $65bn, reserves $10bn) actually spent $63bn (revenues $53bn, reserves $10bn)
1984-85	allocated $75bn (revenues $62bn, reserves $13bn) actually spent $60bn (revenues $47bn, reserves $13bn)
1985-86	budget allocation of $56.3bn involves cut of $3.7bn (6 per cent) on actual spending in previous year. It assumes revenues will be $9.3bn higher than last year.

1984-85 BUDGET UNOFFICIAL RESULTS:
Oil income $30bn, plus investment income $10bn, plus domestic income $7bn=revenues of $47bn, which is the same as the Government's figures for actual revenues. Spending is thought to have been close to $67bn, which is about $7bn above the Government's figure. The difference is probably explained by creative accounting—ministries may have closed their books a month or so before the end of the financial year. The drawdown of Saudi reserves in 1984-85 is thought to have been close to $20bn.

Notes: The conversion rate used for 1985-86 figures is $1= SR 3.55. Financial years: Saudi financial years begin on 1st Rajab. Given that the Muslim lunar calendar has only 355 days, the financial year moves forward 10 days every year. The financial year 1985-86 (1405-06 in Saudi terms) runs from 22nd March 1985 to 12th March 1986.

Compiled by Michael Field.



THE contracts awards index is based on 13 month moving averages. This method is used to smooth out monthly fluctuations to some degree and make the index show medium-term movements in contract awards.

The index incorporates the value of all published contracts signed by the Saudi Government, Aramco and the private sector.

Like all indices it has certain built-in biases:

- It is biased towards coverage of very large contracts, because small contracts, being less news-worthy, are not so regularly published.
- It is biased towards Government contracts—Aramco and the private sector do not systematically announce their awards. (Aramco accounted for 15 per cent of contracts monitored in 1977 and 3 per cent in 1982.)
- The percentage of contract awards covered is declining. The Government has been making a concerted effort to break down large projects to a contract size range which can be handled by Saudi contractors, and these, smaller contracts are less likely to be reported.

The Local Industrial Development Department stopped publishing the index in September 1984 because it felt that construction contract awards were becoming less important as an indicator of the state of the Saudi economy. The Department is now planning an index on operations and maintenance contract awards.

The phases of the graph indicated at the top of the chart are as follows:

Take Off: the surge in contract awards that followed the oil price explosion of 1973-74.

Bottlenecks: the period during which the economy suffered from a shortage of port capacity, accommodation, labour and most other essentials. The bottlenecks led to high inflation and a huge escalation of project costs, which caused the Government to rein in the award of contracts.

Release of bottlenecks: the period after port and other infrastructural bottlenecks had been removed, often by crash building programmes. Return to normal and Second Plan wind down: the reversion to what the LIDD reckoned would have been a "normal" level of contract awards given the Kingdom's income at the time; followed by a fall in awards at the end of the second plan.

Third Plan surge: award of new Third Plan contracts, which coincided in its early stages with a big surge in oil revenues after the second series of oil price rises.

Spending constraints: the effect of the decline in oil production and the small price reductions in March 1983.

Looking to become less dependent on oil revenues

Fourth Development Plan

ALEC THOMAS

SAUDI ARABIA'S 15-year experience of development planning has been marked by bold projects, by continuity and by determination to ensure that all projects are implemented. There is no reason to doubt that this determination will mark the period of the Fourth Five-Year Development Plan, officially launched on March 22.

Whereas previous development plans, and especially the third plan just finished, have concentrated on major and often big infrastructure projects; the new plan will cover a period when the major economic and social infrastructure is largely complete.

In the past, and again especially for the third plan, there was no financial constraint to the definition, design and implementation of projects. The fourth plan starts in a period of what is, for Saudi Arabia, unusual financial stringency.

The Saudi Government talks of maintaining government expenditures for the new plan at the level of the third plan just completed. This is slightly misleading. When the third plan was launched in May 2980, the Saudi riyal: US dollar rate was 3.33:1. Today, the rate is 3.61:1. Also, although through most of the third plan period just ended, the Saudi Government had a firm grip on inflation in the kingdom, inevitably 1985 riyals are worth less than 1980 riyals.

Half the total of government expenditures for the new plan ($138.5bn out of $277bn) is earmarked for development expenditures. Of the development expenditures total, $37.5bn is allocated for human resources development projects, a further $36.2bn for the development of economic resources, and $24.8bn for health and social services.

Transport and telecommunications receive an allocation of $21.3bn, and municipalities and housing $18.7bn.

The Government emphasises a new approach: in future, ministries will think in terms of programmes rather than projects.

This will give a considerable flexibility in implementation and fits in with the four broad themes of the new plan as set out by the Ministry of Planning.

These themes are:

- A greater concern with operational efficiency and in the use of resources;
- A determination to reduce dependence on oil revenues by accentuating revenue-producing activities, specifically manufacturing industry, agriculture and financial services;
- A decision to reduce the numbers of unskilled foreign workers in the Kingdom by at least 500,000;
- A policy of encouraging the Saudi private sector to become more involved in economic development.

The new plan also has as an objective "to achieve economic and social integration between the Arab Gulf Co-operation Council countries."

The fourth plan includes a substantial carry-over of on-going and yet-to-be-started projects from the third plan. Of the total of 3,226 projects set out in the fourth plan, no fewer than 1,782 are listed as under construction and due to be completed during the new plan period. The balance of 1,444 projects are listed as "new."

This is not to say that they will all be completed during the next five years. If the number of projects still under construction is any guide, then the allocation for new projects is unlikely to be much more than $5bn, still a very large sum but, especially when spread over five years, not a sum to begin to match government project expenditures in past years.

To the question: "On what oil production and revenue assumptions has the Fourth Five-Year Development Plan been formulated?" the Planning Minister, Hisham Nazer, was reported to have told a Press conference in Bahrain on March 24 that the assumptions were an average of 3.85m b/d for the five years of the plan, which would net the Saudi Government $25 per barrel.

The oil industry suggests that in fact Saudi Arabia's oil production for the month of February 1985 was 3.85m b/d, and Saudi Government was mar- that the net revenue to the ginally more than $25 a barrel.

But a production level of 3.85m b/d means oil exports (and revenue earning capacity) of about 3.1m b/d when allowance is made for Saudi Arabia domestic oil consumption, from which the Government receives no revenues.

Thus Saudi oil revenues are likely to be, on the basis of the Planning Minister's statement, under $30bn per year for the next five years.

In terms of specific projects, most of the human resource development allocation of the new plan is for general and higher education. The plan document says that there will be a total of 2,105,000 young Saudis in primary and secondary education by 1990, 1,168,000 boys and 937,000 girls.

There will, at that time, be a total of 108,000 young Saudis, male and female, in higher education institutions.

The Ministry of Planning says that the number of secondary school graduates entering the job market in any one year will increase to more than 100,000 during the new plan period and the number of university graduates also entering the job market will be of the order of 20,000. The net increase in the Saudi workforce over the plan period is expected to be some 375,000; 600,000 foreigners will go home.

The main thrust of economic resource development will be directed towards water and energy, with the allocation for minerals development being a relatively modest $1.2bn.

Specifically, the new plan calls for the drilling of 750 new water wells, the building of 60 new small dams and the launching of 675 water projects. There will be substantal increases in desalination capacity and the associated electric power generation facilities.

There is also emphasis on water conservation. In the hydrocarbons sector, the plan spells out the completion of the master gas-gathering system, new bulk storage for crude oil and additions to the pipeline system.

Electric power generation by conventional methods (i.e., not as a by-product of desalination) is included in industrial development in the plan, and a total of $11.6bn has been set aside for new power projects designed for the "provision of reliable electricity services for all population growth centres." A total of 828,000 new customers for electricity will be provided for.

Also listed under industrial development is the Saudi construction sector.

The exact wording of the plan is worth quoting: "Encouragement will be given to construction companies to diversify into new activities, especially servicing and maintenance, through the implementation of the 30 per cent rule and open tendering."

About the only large old-style project in the new plan seems to be the new Eastern Province airport, and even here the new plan talks in terms of the first stage only being complete by 1990. All in all, if any further proof were needed, the fourth plan demonstrates that the Saudi construction boom is over.

New projects are either extensions of existing projects or networks (gas gathering, electricity, desalination, water supply) or what might be called "in-filling projects" (new industrial cities, improvements to the Kingdom's financial infrastructure).

In fact, the strengthening of the financial sector has received a total allocation of $16.6bn and

The Ministry of Planning in Riyadh

the plan talks about "encouraging" the development of the national financial structure, and it talks also of the much-discussed and much delayed formal stock exchange, as well as a review of longer-term lending policies by the commercial banks.

Significant new projects, or projects which reflect the government's concern or a reassessment of priorities include:

Natural Resources:

- The implementation of national and regional water plans
- A regular assessment of water resources and agricultural policy
- The development of recycled water facilities for direct use and for recharging acquifers
- A project for the production of hydrogen using solar energy
- Further exploration of 30 gold deposits, 5 silver deposits, 20 copper deposits, 12 tin or tungsten deposits, 12 niobium deposits and 3 chrome or nickel deposits
- Implementation of the joint Saudi-Sudanese project for pioneer mining in the Red Sea.

Industry:

- Five more public sector industrial projects at Jubail (MTBE, butadiene, VCM)
- New industrial areas in Madina, Asir, Makkah, Hail, Tabuk, Jizan and Najran.

Health Care:

- 45 hospitals to be completed. Total number of hospitals by 1990 to be 138 with over 27,000 beds.

Human Resources:

- Over 2m Saudi children, boys and girls, in primary and secondary ful-time education by 1990.
- Over 108,000 Saudi students, boys and girls, in higher education by 1990.
- A net gain of almost 375,000 workers to the Saudi workforce over the plan period, permitting, in theory at least, a reduction of 600,000 in the foreign workforce.

Telecommunications:

- 250,000 new telephone subscribers with access to installed exchange capacity by 1990.

Coming to terms with recession

CONTINUED FROM PAGE 1

envisaged here are a redefinition of the roles of the governors, to give them more power over their provinces' economic development, and a redrawing of provincial boundaries.

At present the provinces are of widely varying sizes; some governors are over-worked, others could handle twice their areas.

There are some technical difficulties in finalising the new provinces regulations, but these are minor compared with the political difficulties facing the Majlis as Shura.

The more conservative princes, religious leaders and heads of tribes are not concerned only, or mainly, with the reduction of their own power which the majlis might entail, they are afraid of the social freedoms it may bring.

They argue that once there is free debate in the majlis there will be demands for a freer press, women will demand to be allowed to work and drive cars, the family will start to crumble, and all sorts of immorality will follow. (Already the Minister of the Interior and the leading ulema receive letters complaining of such matters as the words "I love you" being heard on Egyptian films on television.)

It is also feared that once the process of political reform begins it will run out of control.

King Fahd, like his predecessors, believes in governing by consensus—in fact since the Saud family was nearly brought down by a split in its ranks in the early 1960s it has been obsessed with the need for consensus.

Although the King himself is certainly in favour of the Majlis as Shura he will not announce it until all the elements at present opposed to the scheme have been persuaded to accept it. Then, members of his family say it is still his intention to introduce the majlis, the charter of government and the provincial reforms together.

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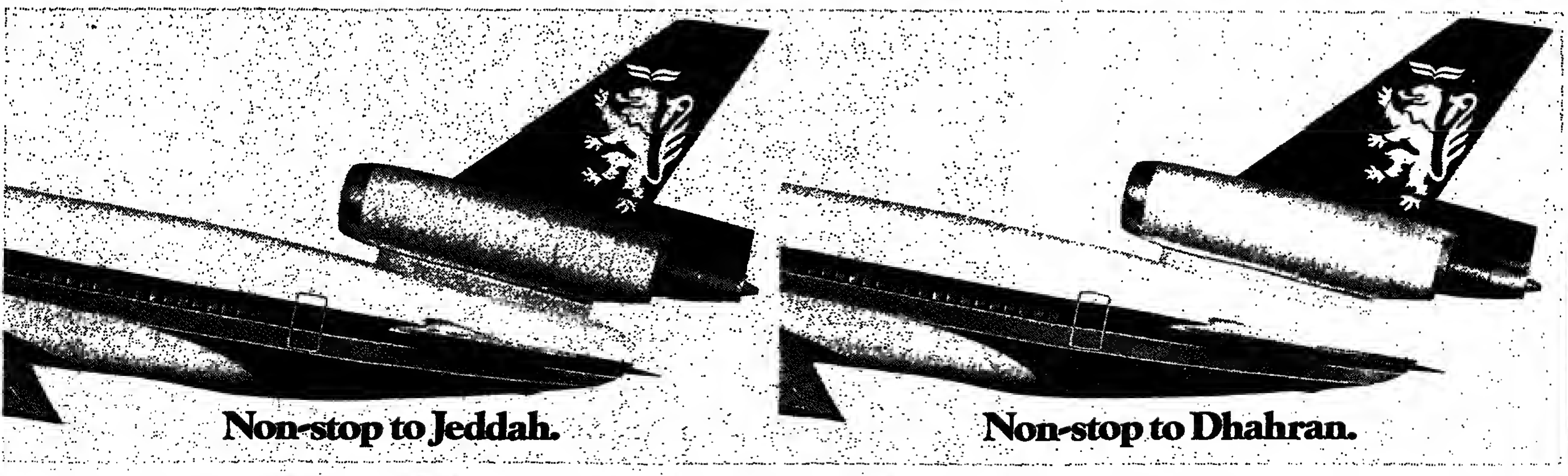

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IN ASSOCIATION WITH SAUDIA.

Keeping the faith with long-term objectives

Industrial Policy

CAROLINE MONTAGU

ONE OF the Saudi Arabian Government's cardinal virtues in domestic policies is long-term consistency of approach.

The Government has affirmed, is still affirming—and no doubt will continue to affirm—that the kingdom's objective is a diversified economic base.

The past two economic plans have laid and nearly completed the infrastructural framework and the state-sponsored basic industries. The Fourth Plan, published in April, takes things a stage further. The Government, inevitably still the main locomotive for economic growth, will stand back a bit and hopefully private business will pick up the slack.

The Saudi private sector will develop intermediate industry and take over management and in some cases some of the ownership, of publicly-owned utilities and enterprises. Emphasis will lie on industrial efficiency.

Excellent as these intentions are, factors outside the Saudi Government's control, such as the weak world crude oil market, will make objectives hard to achieve over the Fourth Plan period. It is most unfortunate for this Plan that it should start when Saudi business activity is in the doldrums and the Saudi current account in deficit for the third year running.

In spite of this, the bases of industrial policy have not been adjusted to the present financial circumstances. This seeming inflexibility from the Saudi Government at this time strikes Western observers and many Saudis themselves as curious.

The kernel of this dilemma lies in distinguishing between what Saudi planners deem short- or medium-term problems and what they deem long-term objectives.

Western observers consistently under-estimate the long-term nature of Saudi Government economic planning. For instance businessmen and bankers showed caution to the point of disbelief over the kingdom's infrastructural plans, especially over industrial developments in the twin cities of Jubail and Yanbu, where the base chemical plants are located. The current litany of complaints from the EEC over Saudi petrochemicals exports suggests Saudi planners have been on target.

Saudi economic policy starts making sense when seen against a longer time-scale than the past three years' slack oil market and today's poor revenue position.

The Saudi Government is looking well ahead for its industrial society, but if Government credibility is assessed only on the Saudi economy's present and short-term future performance, Saudi Arabia is certainly taking some big risks.

The Government has compounded its own problems by little open avowal that belt-tightening is its only present answer.

Saudi planners have two key starting points: job and skills creation for Saudis and value added for Saudi natural resources. The logic of these premises is fine, though, given the oil market's present state, the value added from the new refining capacity perhaps may have to be seen as an investment for the future. Jobs are needed both for the local unskilled population and for the many Saudis returning from training overseas.

In the longer term the Government wants to ensure a flow of economic activity for the post-oil era. It will also be better able to cushion popular recognition that the boom days are well and truly gone if it can at the same time provide employment opportunities.

The transfer of skills and technology to Saudis is another keynote. However, many Saudis do not want blue-collar work and foreign companies, trying to fulfil Government requirements to employ Saudis, say they cannot find Saudis to train who will stay with the company.

Saudi Arabia welcomes foreign companies investing in manufacturing or service joint ventures partly because of the efforts they are obliged to make to train Saudis. (Joint ventures are also deemed the best means of transferring Western technology and ensuring Western companies stay put in the kingdom and keep their technology up to date. In the big public-sector joint ventures, such as the Saudi Basic Industries Corporation (SABIC) chemicals plans, they have been vital in markets and marketing.)

The Fourth Plan, consistent with all this, shows a distinct break in the Government's role in the economy. In the published outline of the Plan's policies, the Strategic Principles, the emphasis shifts from public to private sector. The stage for this has already been set by the sale in 1984 of 20 per cent of SABIC to the Saudi public and by repeated satements from the Government that it plans to sell off parts of more enterprises, such as Saudia, the state airline, or Petromin.

Other statements, especially a speech by the Minister of Finance, Muhammad Aba al Kheil, in mid-1984, warn the private sector that its best interests, not to mention its responsibility to its country, require it to invest inside the kingdom. How far the ties between the House of Saud and the business community can translate these intentions into reality remains unknown.

In the absence of any statutory tools, the Government cannot stream outflows of private capital. It is now argued that anyway such statements are a bit late, since much private capital has already flowed out.

The Government argues that a wider manufacturing capability is now possible, given the infrastructure and base industry already in place. In his speech last year, Aba al Khail continued that the ports, airports, water supply, power capacity, communications and telecommunications systems and, last but not least, the industrial cities of Jubail and Yanbu, are completed or on their way to completion. Both infrastructure and industry have been built with modern technology, partly to give the kingdom a competitive edge. They are not ends in themselves.

The heavy industries in place are the SABIC/foreign base chemical plants producing worldscale volumes of ethylene, ethylene glycol, high- and low-density polyethylene, methanol and fertiliser. The SABIC-owned iron and steel plants, Hadeed in Jubail and the Jeddah Steel Rolling Mill, produce respectively 850,000 tons and 140,000 tons a year steel rods and bars.

Cement production, which is entirely private sector, is around 9m tpa, with an additional 4.8m tpa under construction, current capacity is well below estimated current annual consumption of 15m tpa.

Industrial gas is on stream for industry with completion of the Master Gas System (MGS) first phase and some of the second phase. Construction of the system was supervised by Aramco.

SABIC's second generation downstream chemical industries are getting off the ground. They will produce further oxygen and nitrogen, polyvinyl chloride, vinyl chloride monomer, methyl tertiary butyl ether (MTBE), butadiene and butene-1 (possibly delayed), ammonia, polystyrene and purified terephthallic acid.

It is not clear whether SABIC plans further development. Originally SABIC's mandate was to build the base chemical industries, leaving the private sector to move further downstream. Saudi sources indicate private business would have been interested in, for example, the MTBE plant.

The types of industry mooted under the Fourth Plan are high-capital, high-energy, high-automation, low-labour, low-water consumers. These will complement the joint service industries being set up between Saudi public sector enterprises and the U.S. companies under the $1bn Offset Investment programme attached to the Peace Shield defence contracts.

The Government will have to continue to give every known incentive plus a range of direct and indirect subsidies to help get manufacturing industries off the ground, in spite of difficulties with GCC (Gulf Co-operation Council) industrial policy.

Support will particularly be needed for import substitution industries which, while cutting the imports bill, do not necessarily have any Saudi comparative advantage. Protection for infant industry, such as the 20 per cent tariff imposition made on imported cable last year, will be likely to grow.

At the same time the Government will say it is operating a free market economy. This cannot be the case. Saudi industries would not get going without subsidies.

Given even a proportion of the investment under the Offset programme of nearly $1bn that should be directed towards manufacturing, some of Saudi Arabia's new industries will have to be export-orientated.

The search for markets for these exports is going to be tough. While over the past decade Saudi Arabia has streamlined its import procedures, its export procedures, except for the vital oil and base chemicals sectors, remain in their infancy.

Businessmen on the east coast have joked that exporting goods to Kuwait is worse than importing steel to Saudi Arabia.

If high-automation, high-capital units are set up they will most likely operate on economies of scale requiring a major export component. However, since Saudi Arabia has a number of political clients in the Third World it could as well keep the wheels of its industry turning by giving product not cash aid, such as recent exports of surplus wheat to Ethiopia.

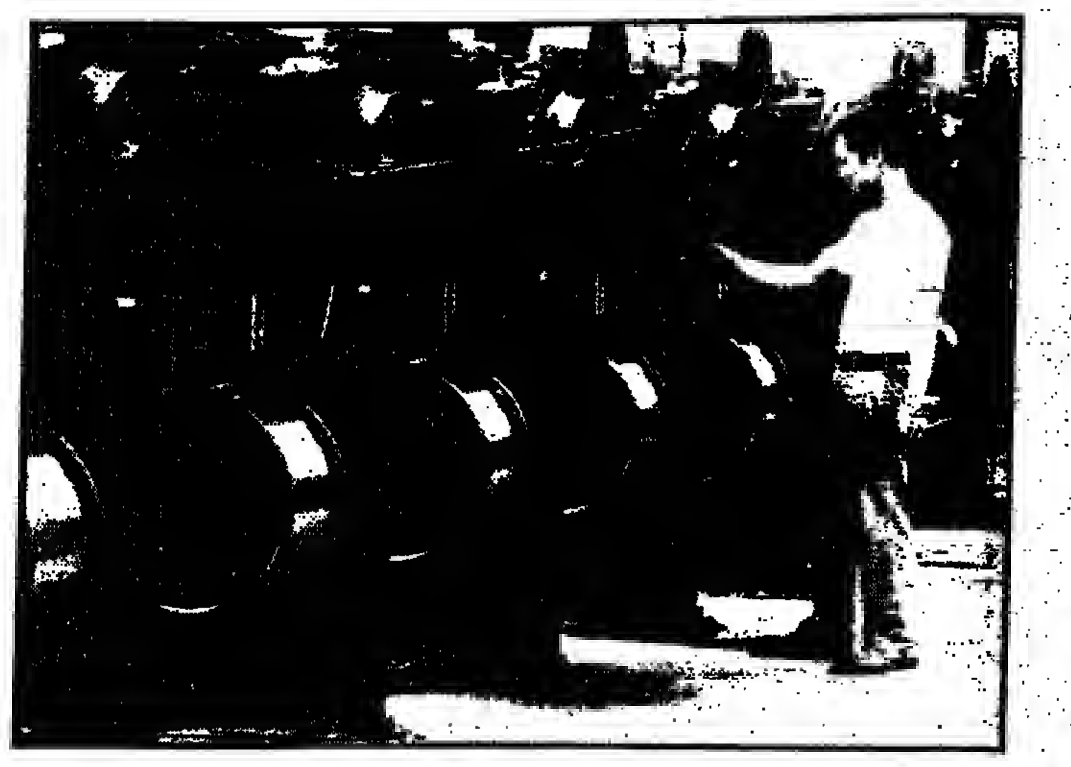
If Saudi Arabia considers high-automation, non-oil export industries, certain factors are in its favour. Saudi Government agencies and private companies have achieved a good reputation over the past few years for tough and selective buying.

If they apply the same strictness to their manufacturing, their export goods are likely to compete qualitatively in world markets. For instance, certain Saudi specialised steel is apparently in the process of being tested by a European company for possible imports into Europe.

So far, unfortunately, there is a lack of institutional frameworks in which Government and business can discuss industrial problems, though the King and ministers met the business community in Riyadh at the end of last month.

Given that the Saudi private sector is now wider than the traditional families with access to the House of Saud, it is hard to be certain whether the newer entrepreneurs feel the Government is responsive to their problems.

Caroline Montagu is the author of The Committee for Middle East Trade report on Industrial Development in Saudi Arabia: Opportunities for Joint-Ventures.



The Jeddah factory of the Saudi Cable Company, manufacturer of electrical wires and cables

HOLDINGS OF SABIC IN SECOND GENERATION INDUSTRIES

National Industrial Gases Co (GAS), Jubail SABIC 70 per cent, Saudi private sector 30 per cent.
Oxygen 438,000 tpa
Nitrogen 146,000 tpa
Partially on stream

National Plastics Co (IBN HAYYAN), Jubail SABIC 85 per cent, Korea's Lucky Corp 15 per cent
Feedstock: ethylene from PETROKEMYA, ethylene dichloride from SADAF
Polyvinyl chloride 200,000 tpa
Vinyl chloride monomer 300,000 tpa
On stream: Q1 1986

Saudi-European Petrochemical Co, Jubail
(Italy), Neste Oy (Finland) and SABIC 70 per cent, Enichem APICORP each 10 per cent.
Feedstock: Methane and butane from Aramco
Methyl tertiary butyl ether (MTBE) 500,000 tpa
On stream Q2/Q3 1987
Butadiene 124,000 tpa
Butene-1 80,000 tpa
Bothe delayed

Amonia project
SABIC/Saudi Aradia Fertiliser co (SAFCO)
Feedstock: Methane from Aramco
Ammonia 1,500 tpa
On stream 1987

Polystyrene project, Jubail
SABIC/partner not yet specified
Feedstock: Styrene from SADAF
Polystyrene 95,000 tpa
On stream: 1988

Terephthalic acid project
Purified trephthalic acid 150,000 tpa
No further details.

Source: Information mainly from SABIC's Fourth Quarter 1984 Project Status.

Reasonable price and oil barter possible

French Mirage Deal

FINN BARRE

WHEN the Saudi Ministry of Information denied rumours in Europe that the Saudis had purchased Mirage jets on behalf of a third party, observers in the kingdom said the denial was correct.

The days of third-party weapons purchases by Saudi Arabia have, for the most part, ended. The only exception is Iraq, but since that nation has been buying direct from France Saudi Arabia would not needed for Mirage purchases.

Saudi Arabia is, however, interested in purchasing the new Mirage 2000 fighter for its own use. The advanced French-built fighter aircraft is world-class technology, is reasonably priced, may be purchased with oil barter, and best of all, the French ask no questions.

It appears that the kingdom is looking to buy 46 Mirage 2000s, enough for two 20-plane squadrons, with 6 spares. At roughly $30m a fighter, the Mirage 2000 deal would be worth more than $1.38bn.

Saudi interest in the aircraft may stem partly from the difficulties it may have in purchasing more of its present top-line fighter, the McDonnell Douglas F-15 Eagle. This is the aircraft that dispatched an Iranian Phantom jet last year when it entered Saudi airspace.

The Saudis currently fly 60 of these aircraft, which are, arguably, the best aircraft of their type of the present generation of interceptors. In addition, the Saudis fly approximately 90 Northrop F-5 fighters, and 20-25 aging British-built Lightning interceptors.

Arms experts in the kingdom think the Saudis are preparing a fall-back position in the event that the Israeli lobby in the U.S. Congress makes a U.S. arms deal too difficult. Saudi sensibilities still smart over the ordeal they faced during the first F-15 deals and the purchase of the AWACs aircraft.

The Saudis have several reasons to buy more F-15. The aircraft is at least marginally better than the Mirage 2000, but will be more expensive. It may cos up to $40m per aircraft, with optional weapons delivery systems.

More important, since the country already has a logistics and maintenance system for the F-15, no extra work or procurement is required to support the additional aircraft. The Mirage requires an entirely different supply system. The ground support equipment in all likelihood will be different.

Saudi questions about French supply, maintenance and training systems have forced French officials to return to Paris to work out more specific proposals.

The question in the minds of weapons dealers is how serious the Saudis are in buying the Mirage. Some feel the Mirage deal is being used as a bargaining chip to pressure the U.S. Congress to go through with the sale of F.15s.

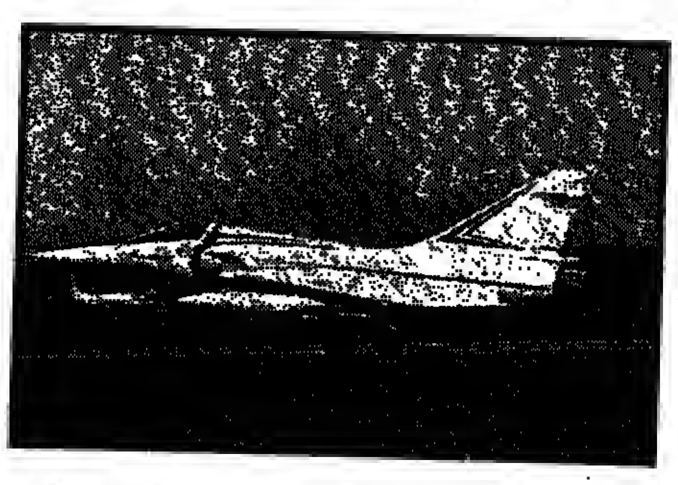
If the U.S Congress does permit sale of the F-15, will the Saudis still purchase the Mirage? Further, how will the American lawmakers react to Saudi efforts to procure more advanced weapons from the French?

In any event, if the Saudis do decide to purchase both aircraft, observers say they simply will not have the manpower to assimilate 80 new aircraft.

In addition to the fighters, the Saudis will soon be in the market for new trainer aircraft. Its present fleet of British-built Strikemasters are reaching the end of their durable lives as trainers.

The Saudis are interested in buying a higher performance trainer to ease the transition to super high performance aircraft such as the F-15. The British Hawk and the French Alpha Jet are two aircraft that have been mooted. The Swiss-built Piletus is a contender for the gap between Cessna light aircraft and the proposed new jet trainer.

The French are no strangers to the Saudi weapons market. The Crotale-based Shahine ground-to-air missile deal between the two countries was worth $4bn.



French Mirage 2000: Saudi questions on supply, maintenance and training systems have forced French officials to return to Paris to work out more specific proposals

National Industrialisation Company

THE newly-incorporated National Industrialisation Company (NIC) should be poised to take a major role in developing Saudi manufacturing and service industry.

NIC, described recently as a "very solid concept" by a long-standing businessman in Saudi Arabia, plans to develop joint ventures with foreign partners.

In the words of its principal architect, Mahsoun Jalal, NIC aims "to transfer advanced technology . . . in the fields of petrochemicals, processing, engineering and mechanical industries" and to help diversify Saudi Arabia's industrial base.

NIC was incorporated in the autumn of 1984 after some six months' delay. Originally planned to have some public sector shareholding, it was finally floated as a purely private sector company.

Its flotation in early 1985 was, however, undersubscribed and it is understood that public sector enterprises stepped in to top-up the subscription.

NIC has a core of founder subscribers from the big merchant families, but as a new venture, and one which could cut across a lot of vested interests, it has still to prove itself.

In spite of these teething troubles NIC has a strong base of SR600m ($167m) authorised capital and apparently the backing of the Industry Minister, Abdul Aziz Al-Zamil. At a Press conference last autumn Zamil commented, "NIC will play a basic role in industry within and outside Saudi Arabia."

He added, "The company's products will not duplicate the output of SABIC or Petromin, as SABIC's and Petromin's products are raw materials, while the new company will concentrate on establishing processing and specialised industries."

NIC has so far taken a stake in: Saudi Medical Industries (9.05 per cent) and a Saudi company to extract metal from scrap (45 per cent). It is discussing with SABIC and Michelin (the French tyre company) a plant to produce synthetic rubber (SBR), and is talking with Eisenban Essen, a metal wire extrusion plant.

Discussions are at a preliminary stage for a smelter for the iron and steel industry, and a polyester fibres plant.

The company is also thinking about: paper production, diesel engine production, electric motors, power generators, small transport vehicle assembly, agricultural tractors, copper pipe and industrial maintenance.

It is actively looking for joint venture partners and has been on a number of promotional tours. It would like to see a 20-30 per cent foreign stake in any venture and for the enterprise to have a Saudi public share holding as well as itself and foreign partner.

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Development lags behind that of other industries

Investment in Intermediate Plant

CAROLINE MONTAGU

THE private sector of Saudi Arabia's light and intermediate manufacturing industry has grown in the past decade in response to whatever opportunities that seemed most obvious and profitable.

Saudi and foreign businessmen first went for the construction sector, bricks, steel mesh, pipes, aggregate and concrete blocks, and have virtually saturated this field, except for specialised materials and provincial markets.

Piecemeal development was inevitable while the country *lacked even elementary construction* materials, consumer goods and basic services and utilities. As a UK/Saudi joint venturer said when he looked back at the early days: "We saw the gaps, looked for a 35 per cent return on assets, and quick depreciation; and made our profits. Now we can barely identify profitable low capital extensions to our business, let alone new opportunities."

Industrial opportunities have become much less obvious and new manufacturing units both increasingly sophisticated and of higher capital cost. In its annual report for 1982-3 the Saudi Industrial Development Fund (SIDF), the Government's soft-loan industrial lending agency, reports that average loan size has grown from SR 9m ($2.6m) in 1978-9 to SR 17m in 1982-3.

There have been some substantial developments in private sector industry, such as E. A. Juffali Bros. Daimler-Benz truck assembly plant (the National Automobile Industry), the Al-Zamil Refrigeration Industries, which makes air conditioners, National Pipe Co. and Saudi Cable Co.

Also at the lighter industrial level a host of licences have been taken out for products as varied as pharmaceuticals, fire-fighting materials and equipment, oilfield chemicals and equipment, tomato paste processing and chewing gum.

However, for the most part the development of the industrial intermediate processes and equipment has lagged behind the growth of both the major public sector base industries (iron and steel, power and desalination, base chemicals) and in the small-scale finished goods production (aluminium extrusions, plastic bags and pipes, etc.).

This is in spite of machinery and appliances being the largest single heading in private sector imports, running at $3.7bn in 1982-83, 17.9 per cent in total imports, and at $3.3bn in 1983-84 (18.5 per cent).

Development of bigger-scale private sector industry with foreign investment and technology is a priority in the Fourth Plan programme.

However, the absence of adequate industrial production statistics or market research (both for domestic and regional export markets) makes the identification of manufacturing opportunities still a bit of a guessing game.

The Ministry of Industry and Electricity (MIE) publishes lists of industrial licences taken out but, according to one businessman, "Saudis rush to take out licences but many will never be taken up. Don't take too much notice of the statistics, either, in the lists of operating units. Saudi firms do not have to report annually to MIE with changes in capital or production levels."

Given the industrial gaps, the Saudi requirements of high-capital, high-automation, low-labour, low-water industries and the consumption capacity of a population roughly 7m, there are some areas that stand out as containing promising opportunities.

They are: engineering products, downstream chemicals and industries developed mainly for export.

Ventures which moved into the kingdom during the boom years are now barely able to identify profitable low capital extensions of their existing businesses, let alone identify fresh opportunities

● If Saudi industrial entrepreneurs were to go for manufacture of machinery and industrial equipment and spares, the markets for such would have to lie in servicing the base industries — the oil sector and the chemical, cement, power and desalination plants — in Saudi Arabia itself and probably in the other countries of the Gulf Co-operation Council (GCC—Bahrain, Kuwait, Oman, Qatar and the UAE).

While identification of components and spares for these industries is not easy, one ingredient in the equation is likely to be economies of scale.

Power, desalination and oil are the most mature sectors; the base chemical industries and export refineries are only now coming on stream.

Given the number of different foreign joint venture partners in the latter, with different processes and countries of origin, they are likely to require a vast range of spare parts.

Little research exists on how far components and spares currently being imported into these industries could be manufactured in the kingdom.

On the petrochemicals side a recent study on possible spare parts manufacture states. "In the petrochemical industry, although technology and operations are sophisticated and modern, inter-plant co-operation on technical and operating matters is minimal. Where a large number of independent units have recently been set up with considerable support, involvement and impetus from central government, one would expect to find well established central co-ordination in examining and solving problems related to maintenance and spares."

Co-ordinated industrial spares manufacture for the GCC area would complement current GCC discussions on industrial standardisation and centralised warehousing.

Relevant industries are those mentioned above plus other Gulf plants, including the aluminium industries in Bahrain and Dubai. The joint ownership of the Gulf Petrochemical Industries Company (GPIC) and the Gulf Aluminium Rolling Mill Company (GARMCO), both of Bahrain, might ease administrative headaches.

In the more general range of machinery and capital goods, opinions vary about Saudi Arabian production. Some say a market for manufacturing switch gear still exists; others say it is saturated. Since Saudi Arabia is the biggest market in the free world for gas turbines, some suggest they could be manufactured; others say this would be utterly uneconomic.

Hi-tech manufacture or assembly is subject to the same vagaries of opinion. Some sources point out that since Saudi Arabia requires highly automated, high capital investments and any industrialising country must now have electronics industry experience, Saudi Arabia should go into this sector.

A U.S. company, however, with wide knowledge of hi-tech manufacture considers electronics assembly in Saudi Arabia economic nonsense.

● **Downstream** chemicals development is strongly canvassed by the Bechtel-assisted directorate for Jubail, a part of the Royal Commission for Jubail and Yanbu (RC). Its flow charts —produced along textbook lines —want downstream expansion into chemical intermediates—refrigerants, resins, plasticisers, nylons, polyesters—and thence to their end products.

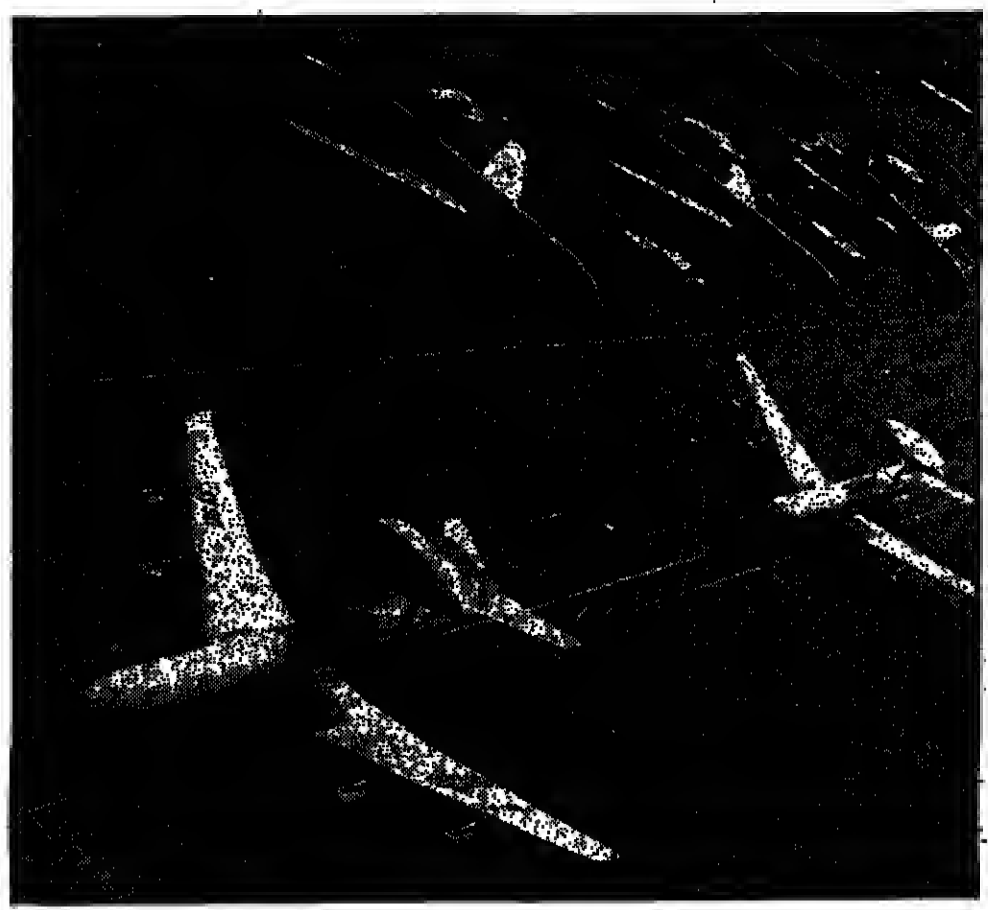
In parallel they look to development of a fertilisers industry.

Western chemical market analysts, however, are sceptical, saying the world markets would not tolerate further inroads from Saudi intermediates.

The mooted fertiliser development must be seen as truly long term. It will need exploitation of Saudi Arabia's north-western phosphate deposits, which in turn will need a railway to bring ore or acid to the plants. The intermediate chemical industries will, if current subsidies remain, receive their energy feedstock at bargain basement prices—$0.50 per million BTU for industrial gas —but will pay world market rates for process feedstock.

However good the long-term prospects are, the Saudi Government has to assist the private sector during the Fourth Plan period. Again, whatever the Government may say in the Fourth Plan strategic thinking about the desirability of lifting *subsidies, any major industrial* ventures will need all the subsidies and incentives they can get.

Further, this is likely to mean an increasing level of protectionism against competitive imports into Saudi Arabia through tariff and quota impositions.



Boeing Airborne Warning and Control Systems (AWACS) aircraft. The offset investment programme proposed by Boeing is for an airframe overhaul centre

Start of new phase in diversifying economy

Peace Shield Offset Programme

CAROLINE MONTAGU

THE award to a Boeing-led consortium of a contract this February for a major part of the $3.4bn communications section the Saudi Peace Shield defence programme ended a long-running fight and began a new phase in diversifying the Saudi economy.

For along with Boeing's $1.2bn defence contract went another contract committing the consortium to some $350m of investment in Saudi Arabia under the Government's offset requirements.

General Electric Company (GE), of the U.S., designated two years ago to supply the radar, has likewise offset investment requirements of between $70m and $90m on a separate contract of some $200m to $250m. Boeing's $850m and the GE's $70m-$90m will be matched by similar Saudi figures.

The offset investment venture proposed by Boeing is a huge airframe overhaul centre and from GE an aircraft engine overhaul centre. Both ventures are service industries, a compromise on Saudi-Arabia's original ground rules, but one which has been accepted by the Saudi authorities.

When negotiations on offset investment started two years ago, the Saudi Government's Offset Committee, composed of representatives from five ministries and with Lehman Brothers Kuhn Loeb as consultants, ruled that the investment should be "35 per cent of the value of the technically related products and services under the Peace Shield programme;" it should be economically viable and in manufacturing, preferably in a hi-tech-related sector. In the event the manufacturing aspect has been for the moment put to one side.

A number of adjustments have been made on type of industry and capital formation but none on the 35 per cent level, described by one U.S. bidder as "enormous."

The current position is that the offset investment programme spreads over ten years in two phases and that, by the time contracts are signed, 50 per cent of the investment should have been identified.

For GE, with a lower investment level than Boeing, the engine overhaul centre will go a considerable way to meeting its total investment target. Boeing, however, may still have some way to go.

It seems probable that the issue of manufacturing, one of Saudi Arabia's prime considerations for the programme, will again be brought up for the second phase. For the first phase investment in petrochemicals was ruled out. Some ventures in intermediate chemicals or in electronics could be a second phase option.

The equity formation is 50 per cent foreign company/50 *per cent Saudi public floated* company, but due to the Saudi private sector's objections to missing the action, Saudi's establishments can now take up to 10 per cent of the 50 per cent foreign equity.

It is reported that GE may co-operate with Pratt and Whitney and with the state airline, Saudia. It is also thought Saudia will play a part in the Boeing venture.

The newly-formed National Industrialisation Company (NIC) might have a small share, having been working to play a part in the offset programme. The capital formation is 50 per cent funding from the Saudi Industrial Development Fund (SIDF), 25 per cent from Saudi commercial banks and the balance from the new joint ventures.

The new joint ventures are not apparently to receive any fresh incentives or subsidies, though the Government may be flexible on applying the 30 per cent rule—where that proportion in Government contracts has to be let to a 100 per cent-owned Saudi company.

U.S. bidders have agonised over the viability of their projects, given that they are receiving no additional incentives and that up to now they have been unwilling to invest on this scale in Saudi Arabia.

Two plus factors now stand out: one the size of the defence programme; the other the possibility of further defence sales in the Middle East if, for instance, Saudi Arabia and the GCC (Gulf Co-operation Council) countries decide to harmonise their defence systems or if countries such as Pakistan or even Egypt go in for fresh defence expenditure.

A basic question yet to be resolved is whether either of these ventures will be viable, based on the domestic Saudi workload only. The scale of GE's enterprise is smaller but either might have to do some sophisticated marketing to bring in outside business.

Both groups have had an exhausting time searching out their proposals. Of the two Boeing has had the rougher ride since it is a less diversified company and its investment requirement is bigger. Also, being designated two years ago, GE has had a longer time to figure things out.

"Enlightened and far-reaching" is how one U.S. bidder on the Peace Shield programme has described the investment requirements from the Saudi angle. The same company, however, would be the first to say that it greeted the original announcement of offset investment with consternation and alarm.

The long-awaited announcement came early this year. It stated that the group led by Boeing had won the contracts for the Command, Control, Communications and Intelligence (C31) part of the Airborne Warning and Control System (AWACS) defence programme.

The group, Boeing, ITT, Westinghouse Electric Corporation, Frank E. Basil and Computer Sciences Corporation, will *supply the ground-based control* systems.

GE's part of the C31 business, worth some $200m-$250m, is in supplying the 17 long-range air-surveillance FPS-117 radars.

The C31 ground communications systems form part of the total $8.5bn Peace Shield programme, which will provide Saudi Arabia with an integrated air defence system. The system includes the Saudi Royal Air Force's F-15s, some Lightnings and Northrop F-5s, Hawk missiles, five AWACS E-3A jets, eight tanker jets and the French Shahine missile system. Boeing whose adapted 707s are used as the AWACS aeroplanes, won the contract against two other groups, Hughes Aircraft with Rockwell, and Litton with Western Electric and Bechtel.

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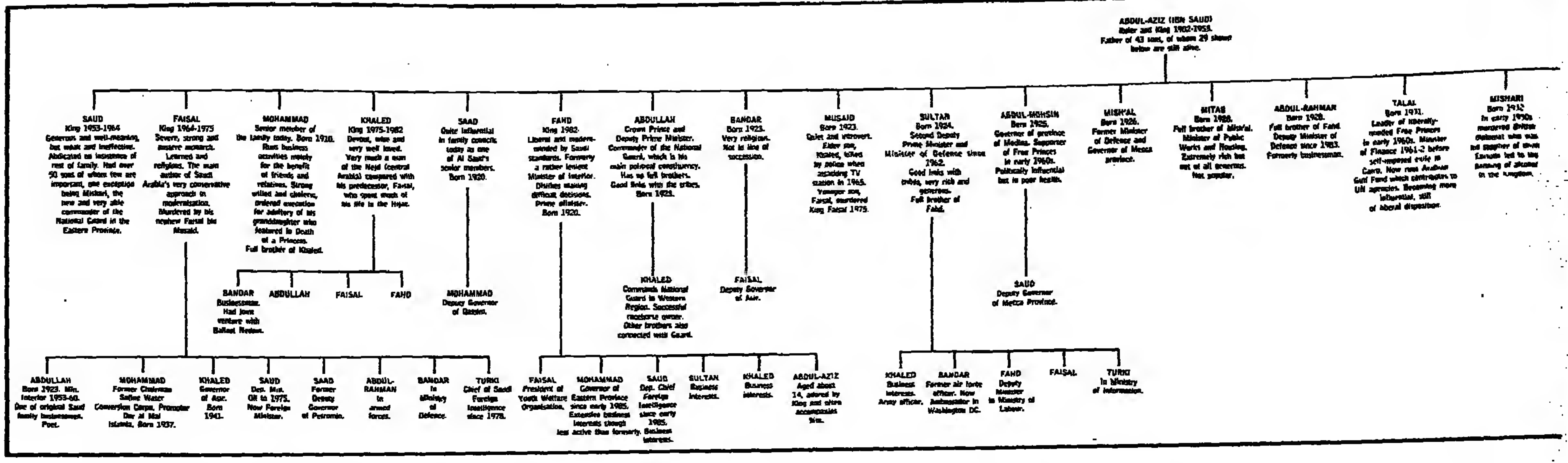


On these two pages **Michael Field** looks at the Al Fahd, a group which is becoming increasingly dominant in the Saudi royal family.

Rise to prominence with modern-minded outlook

THE Saudi royal family is coming increasingly to be dominated by one group within it. This is composed of King Fahd and his six full brothers—Sultan, Abdul-Rahman, Naif, Turki, Salman and Ahmed.

Among expatriates in the kingdom the group is often referred to as the Sudairi Seven, after the family of their mother, Husa bint Ahmed Sudairi, the most forceful of the many wives of King Abdul-Aziz and a lady whom the great King married twice. In fact the expatriate label for the brothers is illogical because King Abdul-Aziz married three wives from the Sudairi family and had 13 sons by them.

Among the Saudis the King and his brothers together with their sons are known simply as the Al Fahd—Fahd's family.

Attached to the group, and regarded more or less as part of the family, are a few people who were brought up with the brothers. The best known of these today is Prince Khaled bin Abdullah bin Abdul-Rahman, a son of King Abdul-Aziz's highly competent younger brother, Abdullah. Khaled is probably the most professional of the businessmen in the royal family. He is well known for keeping his ear to the ground in royal circles and does much of his business in partnership with the famous Saudi entrepreneur, Suliman Olayan.

Until he died three years ago another informal member of the family group was Khaled's elder brother, Mohammad, who was Fahd's closest childhood friend and one of the few men who would ever dare tease him. Mohammed and Khaled would gather with the seven brothers for a weekly family dinner—a practice the Al Fahd continues.

Both Mohammad and Khaled married full sisters of Fahd. The other two of the four full sisters of the King are married to Khaled Turki Sudairi, a businessman, and Prince Faisal bin Turki al Abdullah. (The latter is the father of Prince Abdullah bin Faisal bin Turki, the head of security in the Royal Commission for Jubail and Yanbu, who on British television was introduced to Barbara Cartland as her first "real Saudi prince."

Thanks mainly to the drive of their mother the Al Fahd received a more modern education than the other princes born in the 1920s. Most of them understand English, though they are reluctant to speak it.

It is because of their good education and modern-mindedness that the members of the family have risen to prominence. Fahd himself entered the Government as Minister of Education in 1953 and Sultan at the same time became Minister of Communications.

It was about 10 years later, though, that the Al Fahd moved to the centre of the Government. As a group it backed King Faisal strongly in his long confrontation with King Saud between 1958 and 1964 over the latter's mismanagement of the kingdom. When Faisal was appointed Prime Minister in 1962, two years before he forced Saud's abdication, he made Fahd Minister of the Interior, Sultan Minister of Defence and Salman Governor of Riyadh.

Since then the Al Fahd has expanded its control over the commanding heights of government. Naif was made Minister of the Interior in 1975, when Fahd became Crown Prince, and Ahmed, the youngest of the seven, was appointed his deputy in 1978. Two years ago Abdul-Rahman, who had formerly been in business, was made deputy Minister of Defence.

Until 1978 this post had been held for some time by Prince Turki, but in that year he scandalised his brothers by marrying into the Fassis, a brash, parvenu family of Moroccan extraction living in Jeddah. Among the more appalling deeds of Turki's new relations was the erection of lifelike nude statues, with painted erogenous zones, in the garden of their house in California. The house was burnt to the ground in 1979.

Turki, who himself is a most polite and charming person, had to resign his post in 1978 not because he quarrelled with his brothers but because his family was embarrassed and felt that his resignation was a necessity. In the past 12 months there have been signs that the Al Fahd is looking for some way of reinstating Turki. The prince has been engaged in charitable good works.

Further political gains for the family have come since Fahd became King in June 1982. Prince Bandar bin Sultan, one of the highly able sons of the Minister of Defence, was appointed ambassador in Washington in 1983, after the energetic lobbying he had carried out in the U.S. to encourage the sale of F15 and AWACs aircraft to the kingdom.

Earlier this year Mohammad, one of the sons of Fahd, was appointed Governor of the Eastern Province, replacing the quiet and inactive Abdul-Mohsin bin Jiluwi. Mohammad is already counted a success in this post.

He is expected to increase Government spending in the region and possibly do something to curb the activities there of the religious zealots in the Committees for the Commendation of Virtue and the Condemnation of Vice, who have recently been disrupting the lives of expatriates.

At the same time as Mohammad went to the Eastern Province, another of Fahd's sons, Saud, was appointed deputy director of the General Intelligence Department, the Saudi external intelligence operation, which is run by Prince Turki al Faisal.

Fahd's eldest son, Faisal, has for several years been President of the Youth Welfare Organisation.

The elevation of several of the younger generation of the Al Fahd to Government posts has reduced their business activities. Formerly Mohammad and Saud Fahd, Saud Naif and some of the sons of Sultan were prominent, controversial and very effective businessmen involved mainly in the sponsorship of contractors. The scale of the comissions they earned aroused much resentment among the rest of the Saudi business community.

In the last year or 18 months it is thought that the King and his brothers must have told their sons to divest most of their businesses, partly because they were an embarrassment and partly because it was felt that they should enter public service and make way for some of their younger cousins.

In practice the princes' businesses have not been closed altogether, but they have certainly become much less conspicuous.

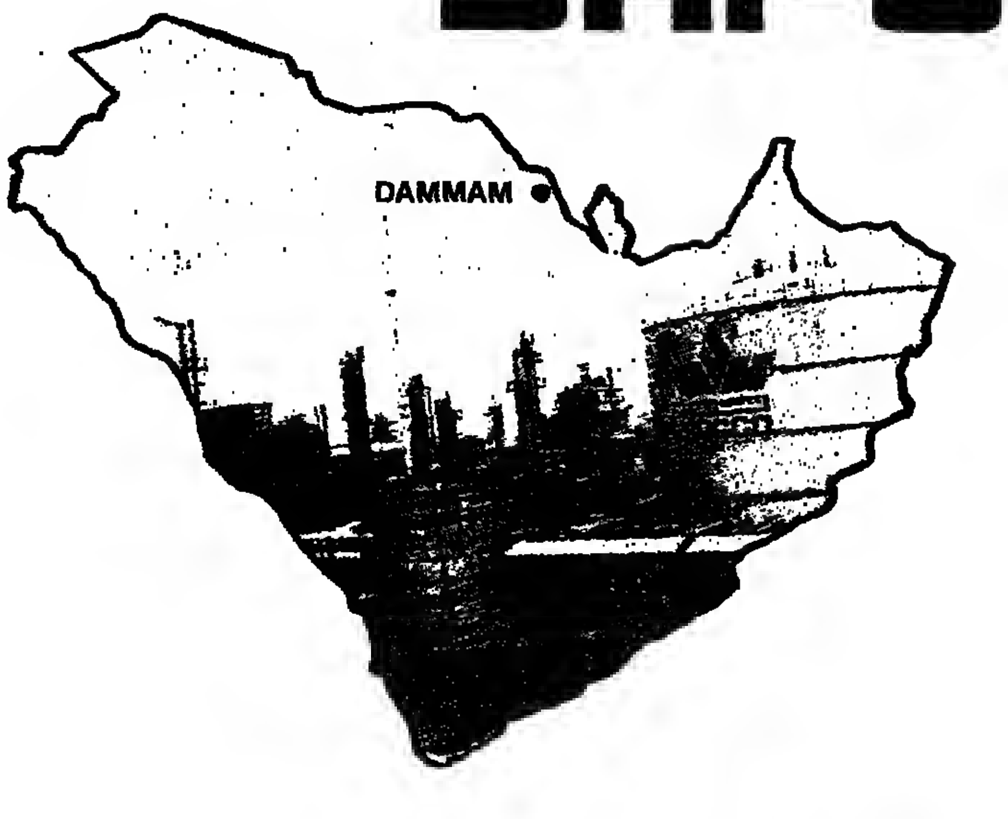
Meanwhile, the fortunes they have accumulated will be important in their political careers. Having the wherewithall to give away large sums of money, mainly to ordinary Saudis who visit the royal majles, can be a source of great strength to a prince.

Two of the people who have been taking some of the business opportunities that have been left by the princes are Khaled and Abdul-Aziz bin Ibrahim, who have recently become associated with the Al Fahd.

The two are sons of Ibrahim bin Abdul-Aziz Brahim, the Governor of the small south-western province of Al-Baha, and brothers of King Fahd's favourite wife, Moona.

It is Moona who is the mother of the King's youngest son, Abdul-Aziz, a boy of about 13, whom the King adores. Recently Abdul-Aziz has been seen often in newspaper pictures and on television accompanying his father on public occasions.

The bin Ibrahim brothers were deeply involved in the Boeing/Rolls-Royce oil-for-aircraft barter deal last year. At present they are very much in favour and their emergence has greatly disrupted the established pattern of business around the royal family.



Prince Naif

Benefit of contact with the people

THE importance of Prince Naif bin Abdul-Aziz, who has been Minister of the Interior since 1975, is that he has regular contact with great numbers of ordinary Saudis. This is a mark of all the four most important princes in Government—Abdullah, the Crown Prince, Sultan, the Minister of Defence, Salman, the Governor of Riyadh, and Naif.

In the Ministry of the Interior, Naif works hard. He and his deputy, his full brother, Prince Ahmed, look at perhaps 100 cases on paper each day, conduct half a dozen private interviews with important people who want to meet them, and receive up to 100 petitions in their official majles. It is said that the work of the Ministry of the Interior could be made more efficient, but even so the post is a demanding one.

Naif is known as an honest, competent and generous member of his family. He does not have a particularly lively intellect, and he has once or twice made clumsy statements which have been laughed at abroad, but he is sensible and wise.

He also has the virtue of being open minded: he listens to what people say to him, without interrupting. It has been said of him that he would make a good judge.

Like some of the other princes Naif has responsibilities outside his ministry. In the same way that Abdullah cultivates relations with Syria (he has had more than one Syrian wife) and Sultan keeps an eye on the two Yemens, Naif interests himself in the Gulf states and Iraq and maintains links with the leftists in Lebanon.

Difficult role for king with lenient nature

SINCE he became King in June 1982, Fahd bin Abdul-Aziz has had the misfortune to be ruling a country which has been facing steadily declining revenues.

He has had to be the monarch who tells his people that they must slightly lower their expectations and tighten their belts, whereas his predecessor, King Khaled (1975-82), reigned during a period of wealth and ease.

The role he is being forced to play does not come easily to Fahd. He has always been a rather easy, forbearing man. When he was Minister of the Interior, between 1962 and 1975, his instinct was to be lenient, while King Faisal was severe.

When his brothers wanted the conspirators behind the coup d' état plot of 1969 executed, it was Fahd who ordered that most of them should be kept in reasonably civilised confinement, and ordered that an apartment block and an old palace should be taken over so that each should have a room to himself.

Normally Fahd is not firm or decisive, he hates having to say "no" and he shies away from difficult decisions. It is thought that the cutting of some of Saudi Arabia's subsidies in the last financial year—those applying to water and electricity—was delayed for several months after the measures had been drafted and put before him because Fahd could not bring himself to sign them.

Interestingly it is said that Fahd prefers the Hijaz, the cosmopolitan coastal region along the Red Sea, to the Nejd, the dry central plateau that is his family's homeland.

Certainly he spends as much time in Jeddah as in Riyadh. He loves the sea, and probably the soft temperament of the Hijazis—the opposite of the blunt, tough manners of the Nejdis—appeals to him.

As one might expect, Fahd is not a man who works every day to a strict routine. Periods of intense activity alternate with periods of lassitude. His poor health contributes to this.

Although a man of powerful build—he is over 6 ft tall—he eats and smokes too much, in defiance of the orders of his doctors. He is very much overweight.

Like his brother, Sultan, Fahd loves building new palaces, but whereas Sultan's establishments are completed on time and run with clockwork precision, Fahd's have a permanent air of slight muddle. They never look quite finished.

Fahd is a much more modern man than any of his predecessors. He has always been associated with modernising institutions; he was Minister of Education between 1953 and 1960 and in King Khaled's reign he was chairman of the Royal Commission for Jubail and Yanbu.

He is at home with the business of economic development. After his budget speech in 1984 he ad libbed on television for an hour on the kingdom's past and present spending programmes—though he did not get all his figures right, even according to Saudi official statistics. His predecessor, King Khaled, on the other hand, would never even have dreamed to talk about the budget on television.

From time to time Fahd meets groups of students and businessmen, delivers a speech and answers their questions. As one of his subjects put it recently, "he likes meeting people and doing most of the talking."

King Khaled was gregarious in an entirely different way. He was happy to lead a fairly public life, he liked the Nejd and enjoyed mixing with the tribes, which Fahd seems to find rather boring. Fahd's majles are filled with much more sophisticated people than Khaled's.

Whereas the ordinary Saudi in the street might have sought an audience with Khaled, Fahd seems to receive the bourgeois intelligensia—the businessmen, journalists and civil servants.

Fahd is quite a private person. Only a handful of people have come close to him—Prince Salman, Prince Khaled bin Abdullah bin Abdul-Rahman and, until his death in 1982, Prince Mohammad bin Abdullah bin Abdul-Rahman, who was Fahd's main childhood friend.

Herein lies a paradox. Although Fahd is talkative and enjoys meeting those people who interest him, he is really rather shy. "His reluctance to say 'no' is part of his shyness," another of his subjects once said. "People even use him in this way. They know that if they ask him for something they will embarrass him, and he will do it come what may."

King Fahd

King Fahd (right), on a visit to Washington in February, meets with Mr George Shultz, the U.S. Secretary of State

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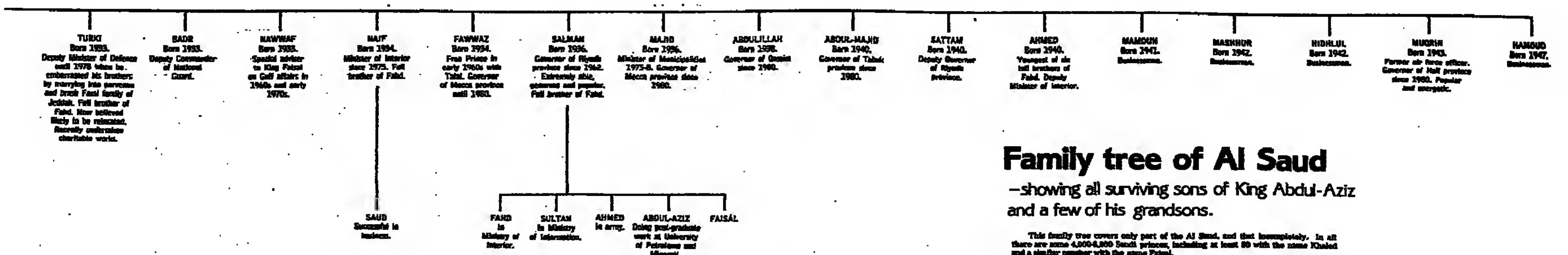


Family tree of Al Saud

–showing all surviving sons of King Abdul-Aziz and a few of his grandsons.

This family tree covers only part of the Al Saud, and that incompletely. In all there are some 4,000-6,000 Saudi princes, including at least 80 with the name Khaled and a similar number with the name Faisal.

The section of the family shown here is the central, ruling branch made up of the sons of King Abdul-Aziz, who founded the modern Kingdom in the first 30 years of this century. The tree lists all the surviving sons of Abdul-Aziz as well as Saud, Faisal and Khaled, three former monarchs.

Also included are some members of the next generation, the grandsons of King Abdul-Aziz. Here the list of King Faisal's sons is complete, but in some of the other families, particularly those of Prince Abdullah and Prince Abdul-Mohsin, some of the less prominent sons have been left out. Compiling a complete list of the grandsons of King Abdul-Aziz is a much more difficult process than one might suppose.

A man of power and generosity

PRINCE Sultan bin-Abdul-Aziz, the Saudi Minister of Defence, is both an enigmatic and a controversial figure. He is enigmatic because Westerners find that there is no obvious label they can attech to his personality and he is controversial because Saudis are not sure what they think of his immense power and wealth.

In practice, whatever Westerners think, Sultan is a fairly straightforward personality. He is tidy, hardworking and disciplined, and much more capable than people outside the kingdom imagine. He has a quick grasp of the written word. When he is talking to people he listens to all points of view, but in making up his mind afterwards he does not hesitate.

At the same time he is polite and punctual for his appointments—an easy person with whom people feel relaxed.

Like his elder brother, Fahd, Sultan is modern-minded. He is interested in technology, particularly military technology. It also happens that he is very pro-American and anti-Russian, and to keep him this way and sell him military equipment the Americans exploit shamelessly the "reds under the bed" card.

It may be that Sultan acquired his aversion to Communism from his brother, King Faisal, a man who was obsessed with the subject. Sultan was close to Faisal, though separated from him in age by more than 20 years. Ha travelled with the King frequently.

The power which Sultan wields, and which some Saudis distrust, comes from his control of the kingdom's defence and civil aviation. This makes him by far the biggest spender in the Government—defence is always the biggest single item in the bndget and the amounts spent on Saudi and on the construction of airports are likewise enormous.

Sultan oversees a vast network of patronage and has accumulated an enormous fortune of his own. At his level of government there is little difference between a prince/minister's private money and his ministry's budget. As Senator Church's commission on multinational companies was once told by the Saudi entrepreneur, Adnan Khashoggi, ". . . if Sultan wants $10m, all he has to do is take it from the Government since he is an essential part of the Government and it is his to take." In other words, the Saud family and the Saudi state are synonymous.

Sultan has also profited hugely from Government contracts. He has been one of the sponsors of the immensely successful contractor, Philipp Holzmann, which has won work of all types, including defence installations, hospitals and the temporary and even more opulent permanent headquarters of the Saudi Arabian Monetary Agency.

Sultan's fortune is spent on running a large number of palaces, in and outside Saudi Arabia, and on accumulating an army of retainers. His links with the tribes are at least as extensive as those of Crown Prince Abdullah, the Commander of the National Guard.

Huge sums are given away. It was estimeted recently by a Saudi who was in a good position to know that Sultan gives away $60-80m a year. During Ramadan, the month of fasting, he hands out at least a million riyals ($300,000) a night; sometimes he has given a person half a million riyals to buy a house.

These figures exclude free tickets on Saudia, the state airline. The cost of these is born by the airline rather than by Sultan himself, but it is to his credit that the gifts rebound in the minds of recipients. Anyway, because Saudia falls under his authority he can do what he likes with its tickets.

Among tha Saudi bourgeoisie the traditional royal system of acquiring and distributing wealth is coming gradually to be resented. It is regarded at best as old fashioned—which it is, though the tribes too are old fashioned—and at worst as corrupt.

When ona asks members of the middle classes about Sultan, half say that they see him in these terms, claiming that his fortune is an embarrassment to Saudi Arabia, and half concede that be is ridiculously rich but say that they still admire him for his competence, energy and easy manner.

Given the rather poor health of tha King it is likely that at some point in the next decade he will die and Sultan will becoma Crown Prince. At present Sultan holds the post of Second Deputy Prime Minister and his elevation to Deputy Prime Minister and Crown Prince would certainly seem logical.

Some members of the royal family deny stoutly that there is anything automatic about this process or that any decision has been taken on the issue, but it would be surprising if, when the time comes, Sultan were to be passed over.

Prince Sultan

The wide influence of the Governor of Riyadh

"PRINCE SALMAN is immensely powerful," an important Saudi in academic life remarked recently, "he's one of those people like Prince Mohammed (the eldest member of the Al Saud)—if you fall out with him you're finished."

Salman's power comes from his being governor of the province of Riyadh, a post he has held since 1962. His province is not only the biggest and most populous in the kingdom, it is the one that has most of the conservative Nejdi element in the Saudi population. These people are the main constituents of the Al Saud.

Every day in his official majlis, Salman receives et least 100 of his subjects—mostly simple people who have come to ask either for his judgment in disputes or for favours of one sort or another. Typical requests would be for gifts of cash or help with medical treatment abroad.

Salman says that three-quarters of the cases that come before him could be dealt with perfectly adequately by the civil service. But the ordinery Nejdis—especially those of the older generation—still seem to prefer taking their problems to one of their leaders to dealing with Hijazi (Western Arabian), Palestinian or Egyptian bureaucrat in one of the ministries.

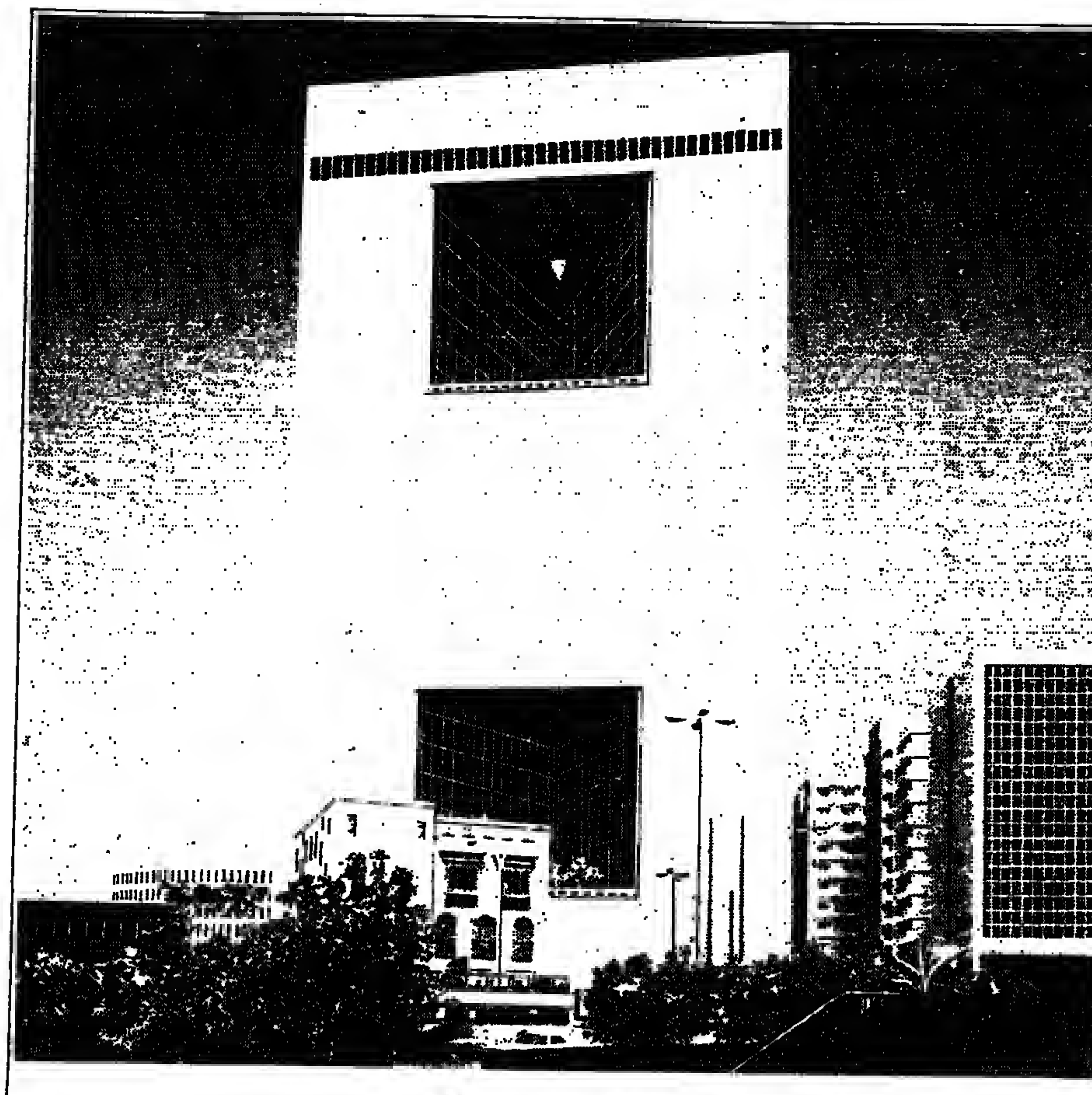
In the 23 years thet he has been Governor, Salman has become extremely popular and well respected throughout the kingdom. It is often said that if there were elections for the post of King, Salman would win.

In appearance he is tall, slim and regal in beering. He is totally incorrupt—he is rich but not gigantically so by Saudi standards—and he has a reputation for great generosity.

His standing has been helped by the fact that his sons have not entered business and have not eroused the controversy that has surrounded sons of other senior members of the family. Salman's sons ara in government, the army and university.

It also happens that Salman has the best relations of any of his family with the King, his full brothers in the Al Fahd and his half brothers. In the family discussions which precede any policy decisions he has a pivotal role.

Prince Salman



Strength of purpose within Opec

Oil

ALEC THOMAS

THE role of swing producer to Opec, with Opec itself being swing producer to the world oil market, has taken Saudi Arabia from an oil production of over 9m b/d in 1981 to under 4m b/d this year.

Demand for Saudi oil is unlikely to increase for at least another 12 months.

Neglecting any change in stocks, the International Energy Agency estimates that total demand for Opec crude oil in 1985 will not exceed 16.8m b/d.

This means that Saudi Arabian oil production is likely to stick where it is, give or take the odd 100,000 b/d, for the rest of this year and well into 1986. This situation, although outwardly dramatic, is in line with the often-expressed Saudi wish of prolonging the life of its single non-renewable resource.

Also, it is good practical politics, given the Saudi desire to both hold Opec together and to play a leading role in the organisation. With a population of less than one-tenth that of Nigeria (the most economically stretched member), Saudi Arabia should have no difficulty in living on an oil production of more than double Nigeria's.

This role implies a very long view and a considerable strength of purpose on the part of the Saudi leadership. Virtually every practitioner of that most difficult of tasks, crystal gazing for future oil demand, puts Saudi Arabia especially, and the Gulf producers generally, back in the oil market as major producers in the 1990s.

OPEC has been forced to heed market conditions in a way not considered in the 1970s when the organisation believed it had absolute control of the "oil weapon."

In 1982, the first production ceiling agreement was put together in an attempt to maintain price levels. Prices remained under pressure, and in 1983 OPEC had no choice but to cut prices by an average of 15 per cent. With a slack market and increasing non-OPEC production, prices once again came under pressure, and OPEC responded in Geneva in January this year by abandoning the concept of a single "marker" crude as a reference point and instead agreeing on a set of official prices for various grades of crude.

This step marked an increasing awareness on the part of OPEC that a sensitivity to market forces and especially a sensitivity to the preferences of oil refiners was essential if the organisation was to maintain its credibility.

The agreed set of official prices was also seen as a solution, possibly temporary in character, of the problem of oil price differentials.

Crude oil is in no sense a completely homogeneous product and the managers of modern refineries have a marked preference for heavier grades of crude, grades which permit a more efficient operation of the refinery.

The January meeting of OPEC also faced up to the problem of cheating on production quotas by individual members. With demand for OPEC oil lower than it has been for over 15 years, and prices under pressure, many OPEC members find their domestic budgetary pressures increasingly intolerable, with a consequent increased risk and political problems.

The temptation to offer the market more oil than is allowed by the official Opec quota at a discount or as part of a barter deal is very strong. Cheating, discounts and barter deals outside official production limits put Opec unity at risk and erode the fragile structure of that unity.

A five-country Ministerial Executive Council, consisting of the oil ministers of Saudi Arabia, the UAE, Venezuela, Nigeria and Indonesia was set up at the end of 1984 with a budget of $3m to monitor individual members' production and thus to reduce the temptation to cheat.

The Council hired a firm of Dutch accountants, well experienced in the oil business, to undertake the day-by-day auditing of production facilities.

This is an enormous task, with there being a large number of control points and export terminals within the Opec nations' oilfields. Some observers have gone so far as to suggest that the Ministerial Council itself did not realise the magnitude of the task it had set itself.

Saudi Arabia has not escaped accusations of cheating in the market. Last July's much-publicised deal with Boeing and Rolls-Royce for 10 747 aircraft in exchange for oil shipments shook the market's faith in the seriousness and the long-term strategy of Saudi Arabia's leadership.

Apologists claimed at the time that this was a once-only deal, that the oil did come out of Saudi Arabia's notional Opec quota (as the swing producer, Saudi Arabia strictly speaking does not have a quota), and that the whole episode has been greatly exaggerated by the Western press.

The fact remains that the oil barter deal was not necessary at the time; Saudi Arabia could have paid for the aircraft in cash, assuming that they were needed in any case. Now, rumours of a second barter deal between the Saudi and French governments for the supply of Mirage 2000 strike aircraft (similar to a deal completed earlier this year between the French Government and the UAE) brings the question into the open again.

Given the importance of Saudi Arabia's role in Opec, a second such barter deal, implying at least a bending of Opec rules, and consequently encouraging others to follow suit, if it takes place, would seem to be singularly ill-advised.

Opec's ability to adjust to market forces, no matter how reluctantly conceded, is leading to another major change, the eventual denomination of crude oil prices in a basket of currencies (perhaps the SR) rather than the U.S. dollar.

An intention of the 1983 15 per cent reduction was to increase demand for Opec crude. In fact, because oil prices are denominated in dollars, the sharply rising dollar wiped out any price advantage to all of Opec's customers, save the U.S.

The strong dollar has protected the purchasing power of the Opec economies, but it has also made Opec oil more expensive for the majority of Opec's customers, thus serving to further weaken demand.

Saudi Arabia's aspirations of leadership within Opec, a highly disparate group with differing national aspirations, may come under increasing pressure.

In the past, the fact of being the largest exporter in the world, with enormous reserves of low-cost oil, automatically gave Saudi Arabia considerable strength in OPEC deliberations, a strength which the Saudi Oil Minister, Sheikh Ahmed Zaki Yamani, used to great effect.

As a lawyer, Sheikh Yamani is a skilled negotiator. As a lawyer also, he favours binding agreements and term contracts for oil sales. He is patently less happy in anything approaching a free market environment.

Yamani himself (and the Saudi Government behind him) is coming under a great deal of criticism, often in public or in published form, from other Opec members for allegedly putting Saudi interests above those of Opec. (In Saudi Arabia he is criticised for putting Opec interests above Saudi interests.)

Given the sacrifices Saudi Arabia has made so far for Opec unity, these criticisms may seem unfair. However, Opec members such as Algeria, Indonesia, Nigeria and Venezuela point to their own fast-growing populations and relatively low per capita incomes and contrast these with the living standards of Saudi citizens.

The problem for Opec — and for Saudi Arabia within Opec — is to decide to limit the total of their exports to what the market can absorb, at present through a policy of disciplined production restraint, or to accept an over-supply situation in the knowledge that this can only put further downward pressure on crude oil prices.

OPEC Production Quotas (thousand barrels per day)

	March 1982	March 1983	October 1984
Saudi Arabia*	7,150	5,000	4,353
Iran	1,200	2,400	2,300
Iraq	1,200	1,200	1,200
Kuwait*	800	1,050	900
UAE	1,000	1,100	950
Qatar	300	300	280
Venezuela	1,500	1,675	1,555
Nigeria	1,300	1,300	1,300†
Libya	750	1,100	990
Indonesia	1,300	1,300	1,189
Algeria	650	725	663
Gabon	150	125	137
Ecuador	200	200	183
Total OPEC	17,500	17,500	16,000

* Including half-share of Neutral Zone.
† A "temporary" ceiling of 1,450 was agreed for November.
Source: Petroleum Economist, March 1985.

Oil sector projects

WHEN Saudi Arabia's three new export refineries at Jubail, Yanbu and Rabigh are on stream within the next 12 months, the era of mega oil sector projects seems likely to come to a close, at least for the next few years.

World crude oil overcapacity is being matched by overcapacity in refining capabilities. Saudi Arabia has prudently cancelled the 160,000 b/d Qasim domestic refinery and put the projected 150,000 b/d refinery at Shuqaiq on the Red Sea coast on "indefinite hold."

One project which is going ahead, possibly more for Iraq's benefit than Saudi Arabia's is the partial looping of the East-West Petroline from the Eastern Province to the Red Sea at Yanbu. This should take the capacity of the pipeline from its present 1.85m b/d to about 3m b/d.

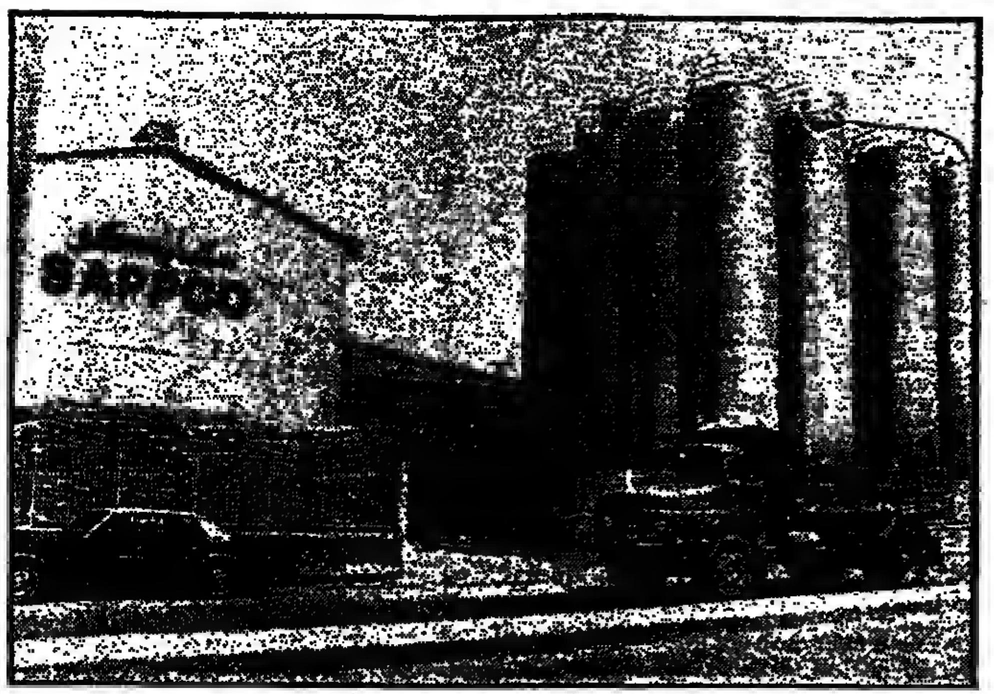
Last year's crash drilling programme to secure enough non-associated gas from the Khuff geological structure in the Eastern Province to provide security of gas supplies for the gas grid and petrochemical plants seems to have been successful. There is no immediate prospect of further gas well drilling.

Selected Crude Oil Official Prices ($ per barrel)

		January 1981	January 1982	April 1983	January 1985	February 1985
Opec:						
Saudi Arabia light	34°	32.00	34.00	29.00	29.00	28.00
medium	31°	31.45	32.40	27.40	27.65	27.40
heavy	27°	31.00	31.00	26.00	26.50	26.50
Abu Dhabi Murban	39°	36.56	35.50	29.56	29.31	28.15
Iran light	34°	37.00	34.20	28.00	29.11	28.05
Kuwait	31°	35.50	32.30	27.30	27.55	27.30
Qatar marine	36°	37.23	35.30	29.30	29.05	28.05
Algeria Saharan	44°	40.00	37.00	30.50	30.50	30.50
Libya Es Sider	37.5°	40.78	36.50	30.15	30.15	30.15
Nigeria Bonny	37°	40.00	36.50	30.00	28.00	28.65
Indonesia Minas	35°	35.00	35.00	29.53	29.53	28.53
Venezuela Oficina	34°	38.06	37.06	31.09	31.09	28.80
Opec weighted average		34.80	34.10	28.20	28.45	28.20
Non-Opec:						
U.S.-West Tex. Intermed	40°	38.00	35.00	30.00	28.00	28.40
Mexico Isthmus	34°	38.50	35.00	29.00	29.00	27.75
UK Brent	37°	39.25	38.60	30.00	28.65	28.65
Norway Ekofisk	42°	40.00	37.25	30.25	—	—

Source: Petroleum Economist, March 1985.

Oil refinery at Jeddah: Demand for Saudi oil is unlikely to increase for at least another 12 months



Plant of the Saudi Arabian Plastic and Pipe Company

Members of the Saudi Arabian Government

SAUDI ARABIA's ministries and Government departments—and their various ministers and deputy ministers—include the following:

Ministry Agriculture and Water.

Minister: Dr Abdul-Rahman Abdul-Aziz al As-Shaikh. Deputy Minister, Agricultural Affaires: AliMakki. Deputy Minister, *Water Department*: Abdullah Mussaid.

Ministry of Commerce:

Minister: Dr Sulaiman Abdul-Aziz Solaim, Deputy Minister, Commerce: Dr Abdul-Rahman Zamil (brother of Abdul-Aziz Zamil); Deputy Minister, Administration and Finance: Abdul-Rahman Zukair; Deputy Minister, Supply: Twjiq Ibrahim Tawjiq.

Ministry of Communications:

Minister: Hussain Ibrahim Mansouri; Deputy Minister, Dr Nasser Sallom; Deputy Minister, Transport: Ahmed Turki.

Ministry of Defence and Aviation, (MODA):

Minister Prince Sultan Bin Abdul-Aziz (also 2nd Deputy Premier and Inspector General); Deputy Minister: Prince Abdul-Rahman Bin Abdul-Aziz.

Ministry of Education:

Minister: Abdul-Aziz Abdullah Khuwaiter; Deputy Minister Education and Administrative Affairs: Saud Jamaz.

General Organisation for Technical and Vocational Training:

This has ministry level representation on the Ministerial Council: Chairman of the Board: Dr Abdul-wahab Attar.

Ministry of Finance and National Economy:

Minister: Mohammed Aba al-Khail; Deputy Minister, Administration: Ibrahim Tassan; Deputy Minister, Budget Affairs: Dr Saleh Omair.

Ministry of Foreign Affairs:

Minister: Prince Saud al Faisal; Deputy Minister Political Affairs: Abdul-Rahman Mansouri; Deputy Minister: Abdul-Aziz Thunayan.

Ministry of Higher Education:

Minister: Hassan hin Abdullah alas-Shaikh; Deputy Minister: Abdul-Aziz Orayer

Ministry of Health:

Minister: Faisal Hejelan; Deputy Minister, Executive Affairs, Dr Nazib Hussan Nasif.

Ministry of Industry and Electricity:

Minister, Abdul-Aziz Zamil; Deputy Minister, Electricity: Yusf Hammad; Deputy Minister, *Administration: Abdullah* Qarawi.

Ministry of Information:

Minister: Ali Hassan Shaer; Deputy Minister, Information: Dr Fuad Abdul-salem Farsi

Ministry of Justice:

Minister: Ibrahim Bin Mohammed Bin Ibrahim al as-Shaikh; eDputy iMnister: Dr Bakr abu Zaid; Deputy Minister, Judicial Affairs: Saud hin Duraiyib

Ministry of Labour and Social Affairs:

Minister: Mohammed Fayez; Deputy Minister, Labour Affairs: Ahmed Yahya; Deputy Minister, Social Affairs: Prince Fahd bin Sultan.

Ministry of Interior:

Minister: Prince Naif bin Abdul-Aziz; Deputy Minister: Prince Ahmed.

Ministry of Municipal and Rural Affairs:

Minister: Ibrihim Abdullah Angari; Deputy Minister, Town Planning: Omad Qady; Deputy Minister, Municipal Affairs: Dr Saleh Halik; Deputy Minister, Rural Affairs: Abdullah Fahad Mogail; Deputy Minister, Technical Affairs: Dr Sulaiman Faisal Hamdan.

Ministry of Posts Telegraphs and Telephones:

Minister: Dr Alawi Darwish Kayyal; Deputy iMnister, Telephones: Faisal Ahmed Zaidan.

Ministry of Public Works and Housing:

Minister: Prince Mitab bin Abdul-Aziz; Deputy Minister, public works: Nizar Kourdi.

Saudi Arabian Monetary Agency (SAMA):

Acting Governor: Hamad Saud Sayyari (Government ministry status).

Prince Abdullah

Saudi Seaports Authority:

Director General: Fayez Badr.

National Guard:

Commander in Chief of Saudi Arabian National Guard: Prince Abdullah bin Abdul-Aziz; also Crown Prince and First Deputy Premier).

Presidency of Youth Welfare:

Prince Faisal bin Fahd.

Ministry of Pilgrimage and Endowments, (AWQAF):

Minister: Abdul-Wahab Ahmed Abdul-Wasis; Deputy Minister, Mosques Abdullah Abdel Motaleb Bougaj; Deputy Minister, Endowments: Amin Awil Attas.

Set to make significant impact on world markets

Petrochemicals

HILFRA TANDY

BY AUGUST this year Saudi Arabia will have fulfilled its promise to become a significant force in the international petrochemicals market. It will by then be producing—ahead of schedule and well within budget—6.3m PTA (tonnes per annum) of commodity chemicals—ethylene, methanol, high and linear low density polyethylene, ethylene glycol and styrene. Most of this will go for export.

Saudi Arabia, through the Saudi Basic Industries Corporation (SABIC), has spent $10bn creating a petrochemical industry that will account for 4 to 5 per cent of world chemical capacity. Whichever way the world petrochemical market cake is cut, the entry of Saudi Arabia at this moment in the business cycle will impact on profits and margins, jobs and corporate strategy in the developed world.

Saudi plants are coming on stream at a critical time. But by adopting a joint venture approach to market entry the kingdom has ensured the involvement of experienced companies of the stature of Exxon, Shell Oil, Mobil, Celanese, Texas Eastern and Mitsubishi.

This is the key to SABIC's marketing strategy. In the early days of the Saudi plants life the joint venture partners will be responsible for marketing up to 75 per cent of output.

The partners will use their existing and sophisticated market channels, with a view to minimising the inevitable disruptive effect that any producer bringing products to a market plagued by overcapacity introduces.

SABIC will initially market only about 25 per cent of production. The volumes traded under the SABIC flag will increase over time as SABIC gains a marketer's "street sense."

The worry nagging at many established producers is where is the Saudi product going to be sold. Europe feels particularly vulnerable. Logistically, it is the closest market, second only to Saudi Arabia itself and other Middle East countries. Also, it has more to lose.

Youssef Nassar, director of Jeddah-based Investors in Developing Industry and formerly of the Royal Commission for Jubail and Yanbu, speaking at a chemical industry meeting in Texas in March outlined the probable geographical distribution of exports once SABIC plants are running at full capacity. Mr Nassar forecast that 15 per cent will go to the U.S., 15 per cent to Europe, 32 per cent to Japan, 26 per cent to the Far East and 12 per cent to the rest of the world.

For the joint venture partners, apart from the then vital incremental crude supply, the rationale of placing capital and hardware in the kingdom served a number of purposes.

Saudi Arabia is providing a source of extremely competitive raw materials. The Saudis have priced their basic feedstocks—ethane and methane—at not more than $0.50 per million BTU. This compares with average equivalent European prices of $4.00-4.5m BTU and the U.S.'s $3.50-$3.75m BTU.

As SABIC's director general of projects, Dr Abdul Aziz Al-Jarbou, noted, in a speech in January, to the America-Arab Association for Commerce and Industry, "This made it possible for our partners to build their intended additional capacities in Saudi Arabia rather than in areas where the long-term availability of feedstock is more costly or not assured."

Or as joint venture partner, Shell Oil, commented laconically, setting up shop in Saudi Arabia is "merely a relocation of plant."

> The worry nagging at many established producers is where the Saudi product is going to be sold. Europe feels particularly vulnerable.

The Saudis announced their intention to become a force in the petrochemicals market back in the mid-1970s. The established producers' response to this has been varied.

Admittedly cajoled by the country's *Ministry of International* Trade and Industry (MITI), Japanese producers have undertaken to cut about a third of their commodity petrochemicals capacity. By doing so, Japan will take advantage of Saudi Arabia as a low-cost commodity producer and, simultaneously, rid itself of outmoded and expensive plant.

The U.S. producers too have bitten the bullet. They have closed relatively inefficient plant in order to absorb this new production.

The EEC likewise should be congratulated. *Since 1980 3.5m* tonnes capacity of ethylene—the European industry's staple raw material—has been shut. For a collection of basically disparate states this is good going. The harsh reality, however, is that, even with that amount of closure, the Europeans themselves admit that a further 15-20 per cent needs to be knocked out if Europe is to compete in today's chemical world.

Regrettably, it appears European thinking is still in some kind of straightjacket — as exemplified in the following comment from one of its own producers, ICI of the UK:

"The West European petrochemical business seems incapable of operating without having some issue to blame for all its problems. In recent years, the issues have been Eastern Europe, the U.S. and now the Middle East. History shows that the reaction of West European *producers has been to attack* one another. Concomitant with this, very little is done to solve or face up to the fundamental problem. In fact, the industry is its own worst enemy."

What the Europeans are doing is to tighten up surveillance of Saudi petrochemical imports into the Community. The speed with which the EEC reimposed duties on imports of Saudi methanol earlier this year testifies to the heightened awareness of Saudi Arabia's potential performance in Europe's own backyard.

In record breaking time — a *few* weeks rather than a *few* months — the EEC put an automatic 13.5 per cent duty on Saudi methanol imports.

On the face of it the EEC was only doing its job. In reality it had already accelerated bureaucratic procedures. Last year it took at least four months for the Commission to respond to cries of foul *on the same topic*.

The reasons are simple. The reimposition of duties and the veiled threat of duty imposition on other products now coming out of Saudi Arabia (ethylene glycol, styrene and plastics—specifically high density and linear low density polyethylene) were aimed at strengthening the EEC's bargaining position at the talks in early March with the *Gulf Co-operation* Council (GCC) in Bahrain.

That the issue of Saudi Arabian petrochemical exports dominated discussions in Bahrain underscores the pivotal role this issue is assuming in any trade talks between the two blocs.

Predictably the meeting ended in stalemate, certainly on the petrochemicals front, Europe arguing for some voluntary restraint and explaining realistically that the Gulf countries could not expect any more preferential treatment on exports, at least not until the 1986 round of GATT talks.

What may well happen at the next GATT round is that a treaty of co-operation between Europe and the Gulf will be hammered out. This pact, however, will not include tariff preferences.

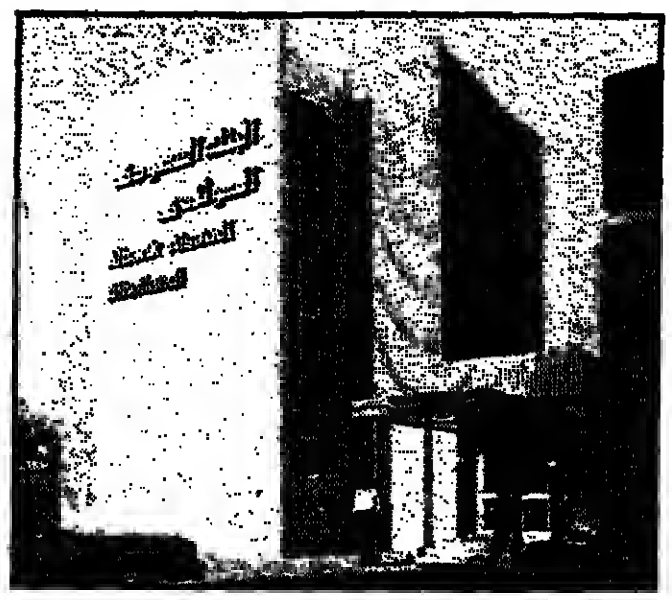
Europe is keenly aware of the protectionist rumblings in the U.S. and Japan, and will never *swallow an international trading* pact that leaves Europe less proteced than its two counterparts.

However, problems on Saudi commodity chemicals may not be the end of the line. Saudi Arabia's existing joint venture partners could possibly move downstream in the face of the hefty difficulties in marketing these chemicals.

It could well *be the case* — say in five years — that the Shells, Exxons and Mobils of this world will want to relinquish their marketing hold on Saudi commodity chemicals and go further downstream in Saudi Arabia itself into the higher value-added intermediates—the products that keep the chemical industry's bottom line looking reasonable.

If Europe fails to shake off its complacency on what is happening on commodity chemicals, it may head for even worse headaches on intermediates' overcapacity.

Hilfra Tandy is editor of the FT newsletter World Petrochemical Analyssi.



The Albank Alsaudi Alhollandi building in Riyadh

Struggling with debt problems

Banking

ALEC THOMAS

IN THE boom days in Saudi Arabia it took a considerable degree of self-confidence and courage for a bank manager to turn down a credit request from a customer.

Intense competition meant that the great majority of banks and bankers, concerned with growth and with market share, had often very little choice but to agree to requests for credit.

Expensive lawyers could be hired to draft credit agreements in appropriate legalese, agreements which would and did pass muster at the banks head offices.

Sometimes these agreements were backed by a guarantee from one of the army of Saudi princes. Such guarantees looked good on paper and they could be counted on to impress head offices with the local manager's links with Saudi high society.

Many experienced international bankers in the boom years expressed strong private reservations about the prudence of their banks' lending and credit policies. Great tact and care was required in voicing any such concern to a head office.

"Get on or get out" was a normal reaction. For any manager to suggest that the boom would not last forever, in the nature of booms in any economy, was to risk having his professional judgment called into question. So managers did the best they could.

It is poor solace to these managers today to have their professional judgment redeemed in a growing number of cases. The whole question of the security base for bank lending in Saudi Arabia is a matter for professional debate among bankers and their legal adviser.

In the past, bankers and their lawyers made valiant efforts to square the circle and try to graft Western banking and legal practices onto the traditional shari'a of Saudi Arabia. It is now recognised that this attempt, no matter how well-intentioned, just did not work. There is no banking law suited to modern commercial, industrial and investment practices in Saudi Arabia.

Saudi courts operate fairly, but against a traditional background. Mortgages on property are not lawful, liens on movable property are of dubious value, any claim in which an element of interest (be this disguised as commission or charges) is included will have this element thrown out by the court.

There is no concept of common law in Islamic jurisprudence. This means that virtually identical cases before courts in different cities of Saudi Arabia are likely to have diametrically opposite decisions made. In some instances the same court has been known to give contradictory decisions in cases in which lawyers agree that the basic facts are identical.

All depends on what the judge of the case considers to be "fair." Even if interest does not enter the picture he may decide against the bank on the grounds that a rich man should not demand payment from a poor man who has fallen on hard times.

Princely guarantees have been shown to be worthless. Even if a court finds in favour of the claimant against a prince who fails to honour his guarantee, there is no assured mechanism for seeking redress. In theory, one can appeal to the King.

Even if a court finds for the bank in a case against a private Saudi citizen, the bank cannot be certain that the decision will be enforced. In theory again, a court may find for the bank and an order be obtained. The Saudi police are then responsible for ensuring that the order is enforced.

Here there is great room for inadequate performance. In some cases, the police will take no action; in others, they may put the defaulter in jail for a day or two. In neither case does the bank get its money or any material redress.

These problems are worse for the so-called "foreign" banks in the kingdom. Of the 11 commercial banks, two are wholly owned by Saudi interests, the National Commercial Bank and the Riyadh Bank. The other nine are majority-owned by Saudi shareholders, but "foreign" banks (those banks which operated in Saudi Arabia prior to Saudisation) still hold minority shareholdings and have management contracts.

These nine banks still tend to be considered as foreign banks. It can be said that the 11 banks all have equal rights, but that the rights of the two wholly-owned banks are more equal.

Some bankers say that the Saudi Government has to decide whether it really wants a modern economy in which the Saudi private sector (in joint ventures with foreign partners who provide technology and management expertise) can invest with confidence or not.

If so, then a modern banking law becomes essential. Realists recognise that the implimentation of such a law is highly unlikely in the present climate, in which the Saudi business community feels under pressure already from the fall in Government spending.

Allied to the security base for banking in the kingdom is the relationship between the commercial banks and the Saudi Government, specifically with the Government credit institutions, for example the Public Investment Fund, the Saudi Industrial Development Fund, the Real Estate Development Fund and the Agricultural Bank.

Bankers in the kingdom feel that there is considerable scope for improved communications and understanding. This applies not only in the matter of loan recovery, but also, for example, in the management of syndicated loans for part Government owned projects. The Public Investment Fund has proved reluctant to give the banks standard information on the creditworthiness of projects at Jubail and Yanbu.

An innovation by SAMA in 1984 was the introduction of a Bankers' Security Deposit Account (BSDA), a 91-day book-entry deposit by the commercial banks to SAMA. BSDAs, issued at a pre-determined discount rate, are designed to mop up excess liquidity. Bankers complain that the rates offered by SAMA tend to be inadequate. Also, the scheme would be more flexible if there were an inter-bank market in BSDAs.

There is no better evidence of the basic insecurity felt by most bankers in Saudi Arabia than the priority given to the training of Saudi staff.

Although outwardly the banks like to claim that their training programmes are evidence of a certain broad-minded magnanimity, in fact these programmes are defensive.

Banks which are seen to adopt anything which might be called a cavalier attitude towards training Saudis are putting their survival (or at least the survival of the senior management) at risk.

Thus every bank's annual report makes much of its training achievements. Every bank has a training centre or school in the kingdom and a number of Saudis working in and outside the kingdom.

Saudis banks are having increasing difficulties finding adequate numbers of foreign staff. Working in Saudi Arabia has no longer the glamour, the kudos and the material rewards to attract foreigners in the numbers and of the quality needed. A period in Saudi Arabia is ceasing to be a plus point in an ambitious young banker's career development.

Staff problems are in part behind the banks in Saudi Arabia each having dramatic plans for automation. Again the annual reports of the banks emphasise the strides being made in electronic banking and the provision of electronic services to major customers, as well as the electronic reporting of outstanding credits and electronic cash points.

Moves towards electronic banking and the full automation of banking services, always of course with the insistence that a better service to customers is the ultimate objective, may be expected to be at the heart of banking competition in the kingdom over the next one to two years.

The trend towards increasing use of technology in banking is in keeping with the Saudi love of modern gadgetry.

The nightmare of a great many bankers is of a massive bankruptcy of a major Saudi company. The Shobokshi affair, in which a leading Jeddah trading house and contractor was forced to reschedule $400m of bank loans last autumn, sent a chill down many bankers' spines.

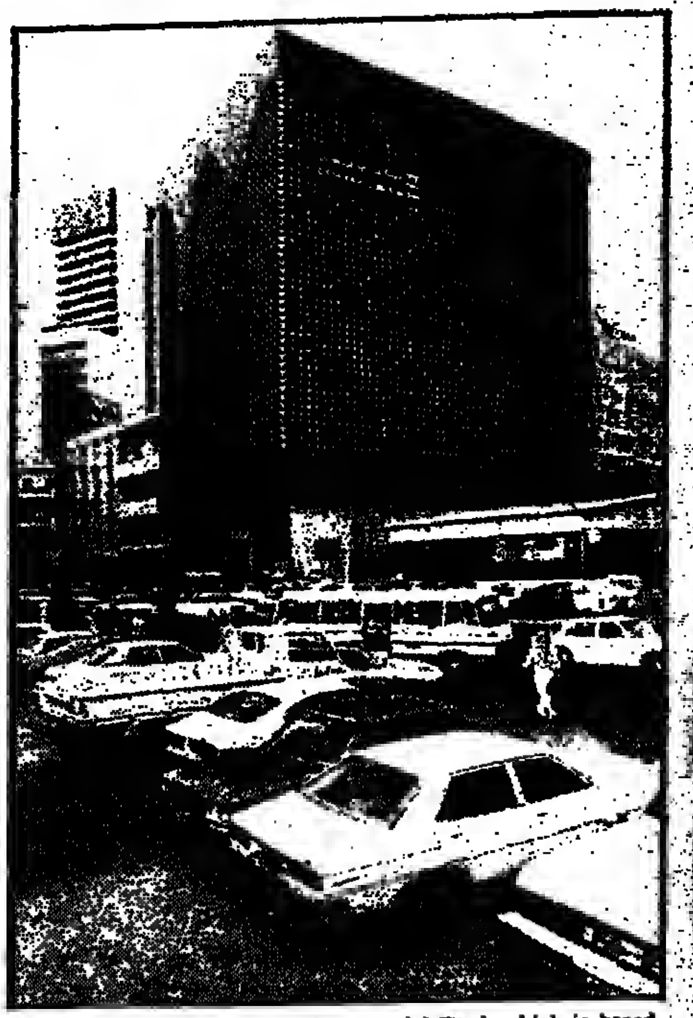
Most banks carry in their books some very bad debts, customers against whom they do not wish to take legal action but who have little hope of being able to repay.

It is clearly better for a bank, given the weakness of banking controls in Saudi Arabia, to carry a certain number of doubtful loans and plain bad debts on its balance sheet as assets than to run the risk of adverse publicity and the virtual certainty of being unable to secure adequate recompense by seeking redress in the courts.

A few bad debts can be quietly written off each year. One or two major bankruptcies could not be treated in this way. It is unlikely that the Saudi Government would lift a finger to bail out a bankrupt businessman (or his bank).

Against this fairly high risk of disruption caused by bankruptcies, any threat to the conventional banking sector by the arrival on the Saudi scene of the Al-Rajhi Islamic Bank is not seen as a major worry by established bankers in the kingdom.

If, as is possible, Saudi Arabia moves towards a more fundamentalist business climate, the established banks will lose business in any case. The range of services offered by Islamic banks in the Gulf has not presented a strong competitive challenge to conventional banks and is unlikely to do so in the kingdom.



Head Office of the National Commercial Bank which is based in Jeddah

Towards a Stock Market

THERE has never been great enthusiasm in Saudi Arabia for the establishment of a conventional stock exchange. The predilection of the Saudi Government for feet-dragging on this issue received a considerable impetus from the Souk al-Manakh affair in Kuwait.

The situation of excessive liquidity and a limited volume of industrial and other shares to trade could all too easily lead to intense speculation.

Yet the fact of an increasing number of shares in enterprises in the kingdom having been offered to the Saudi public, and of virtually every such issue having been over-subscribed, means that, willy-nilly, there has been for several years an unofficial market, particularly in shares of banks and cement companies.

In 1984 the shares of the Saudi Arabian Basic Industries Corporation (SABIC) and the National Industries Corporation were added to the market.

The Government had been exhorting the Saudi private sector to maintain the pace of economic development and eventually officials realised that the unofficial share market had to be recognised and given some guidelines for efficient operation.

Accordingly, at the end of 1984, with a minimum of publicity, the Government sanctioned the formal establishment of a market in Saudi shares to be operated by the commercial banks. An earlier initiative for a formal share registration and share transfer record company to be owned by the banks collectively has so far not been officially approved.

Yet the giving to the banks of what one senior banker in the kingdom has called a "pivotal role" in the marketing of shares of Saudi companies is a significant step forward.

There is a long way to go, however, before a formal stock exchange is established. There would need to be major legal and institutional developments before a stock exchange, even on the Jordanian model, could appear.

Thus talking of "new issues," as one would talk of new issues on the London Stock Exchange, is unrealistic. The shares of those few Saudi companies traded in the kingdom through the banks today exist because each company obtained a Royal Decree permitting it to operate and to offer its shares to the Saudi public. (In the case of SABIC, a proportion of the shares were also offered to Gulf citizens.)

Similarly, talking of underwriting share issues in a Saudi context risks being misleading. When the market reaction to the offer of the National Industries Corporation (from which the Government had withdrawn support) was seen to be unenthusiastic, the Government instructed certain public institutions, for example the General Organisation for Social Insurance (GOSI), to take up whatever shares the public did not buy. The result was that the offer was adjudged successful.

Muhammed Aba al Khail speech

MUHAMMED Aba al Khail, Saudi Arabia's Minister of Finance and National Economy, said in a speech at the King Saud University, Riyadh, in May last year that a foundation had been established for strong sustained economic growth in the kingdom. All the key building blocks for that foundation were in place.

The country's ports could accommodate cargo traffic of some 45m tons and airports were capable of handling about 11m domestic and 9m international passengers a year, he stated.

Water supply for the ten largest cities would be adequate to easily meet forecast demands for ten years and 80 per cent of all households in the kingdom were tied into utility supply power networks.

He said the kingdom has 1.3m telephones (eight per 100 people), while one of the most important infrastructure sectors—that in the two industrial cities of Jubail and Yanbu—had become a reality.

Projects that had already been established at Jubail and Yanbu, or were still under construction there, were never intended to be an end in themselves. These sites also provided the necessary facilities, housing, electricity and port capacity to support an estimated 129 types of secondary industry.

This would make use of the products of the basic industries in the two cities, and in addition a further 283 types of supporting industries were anticipated, he concluded.

Commercial Bank Credit by Economic Activity

(m Riyals)

	1979-80	1980-81	1981-82	1982-83	1983-84
Agriculture and fishing	209	304	421	651	1,087
Manufacturing and processing	2,553	3,605	4,885	5,451	4,841
Mining and quarrying	727	331	274	167	337
Electricity, water and other utilities	913	1,058	1,186	1,400	1,078
Building and construction	7,132	8,714	11,519	13,089	11,458
Commerce	12,541	15,143	17,747	19,363	25,746
Transport and communications	884	1,017	2,725	2,987	3,634
Finance	653	917	774	1,251	1,451
Services	1,315	1,610	1,933	1,446	2,484
Miscellaneous	5,713	8,301	9,706	11,058	9,183
Total	32,640	41,000	51,170	56,863	61,299

Source: SAMA, Banking Control Department.

New regulations still not released

Money Exchangers

FINN BARRE

WHEN Saudi authorities cornered a Yemeni plane hijacker in Dammam in March, the man's demands were surprisingly apolitical. He said he had lost SR 300,000, or $85,700, in the collapse of the Abdullah Saleh Al-Rajhi Establishment money exchanger company.

Unfortunately for the Yemeni gentleman, Saudi authorities went in shooting, he set off his handgrenade, and died. He never collected his money.

The ghost of the Abdullah Al-Rajhi Establishment still lingers over the land of the living money exchangers. The Saudi Arabian Monetary Agency (SAMA) said in 1981 that the exchangers would have to stop taking deposits and performing banking activities by last October.

At that time, the exchangers were going to learn what their fate would be, and one of them, the Al-Rajhi company for Currency Exchange and Commerce, would convert from a money exchanger to an Islamic Investment Bank.

The Al Rajhi Company for Currency Exchange and Commerce is the biggest of the kingdom's money exchangers. There are two others entirely independent Al Rajhi firms, the Al Rajhi Trading Establishment in Dammam, owned by Abdul-Rahman Saleh, a brother of the unfortunate Abdullah, and the Al Rajhi Commercial Establishment for Exchange, a Jeddah-based firm owned by Abdul-Rahman Abdul-Aziz Rajhi, a much younger brother of the partners who own the big company. Abdul-Rahman Saleh and Abdullah Saleh are sons of the senior partners in the big company.

The other main exchangers are Ahmed Hamad Algosaibi, Abdul-Aziz Kaaki, Mohammad and Abdullah Ibrahim Subai, Abdul-Aziz Sulaiman Mukairin, Ali H[illegible]a and Ahmed Abdul-Qawi Bamaodah.

Information on the fate of these companies has been as slow in coming as restitution from Abdullah Saleh. A six-month extension was added to the October deadline, and another extension has been granted.

Minister of Finance and National Economy, Mr Mohammad Aba Al-Khail, promises that the new regulations will be released "soon."

The small firms will become simple exchangers, as the original regulations stipulated, but some of the bigger companies are hoping to become banks.

The Al-Rajhi Commercial Establishment has introduced a check cashing card system that guarantees payment of checks. This is particularly important in Saudi Arabia which is a cash society.

Ahmed Hamad Algosaibi recently won an award from American Express for pushing its card. Both of the companies are aggressively modernising with computers and streamlined operations.

The status of the main Al-Rajhi is different. Experts say the firm has hit snags in its conversion programme. The company will go public when it finally switches over. Al-Rajhi, when it converts to banking, could become one of the kingdom's largest banks, rivalling the second-largest Riyad Bank, in size.

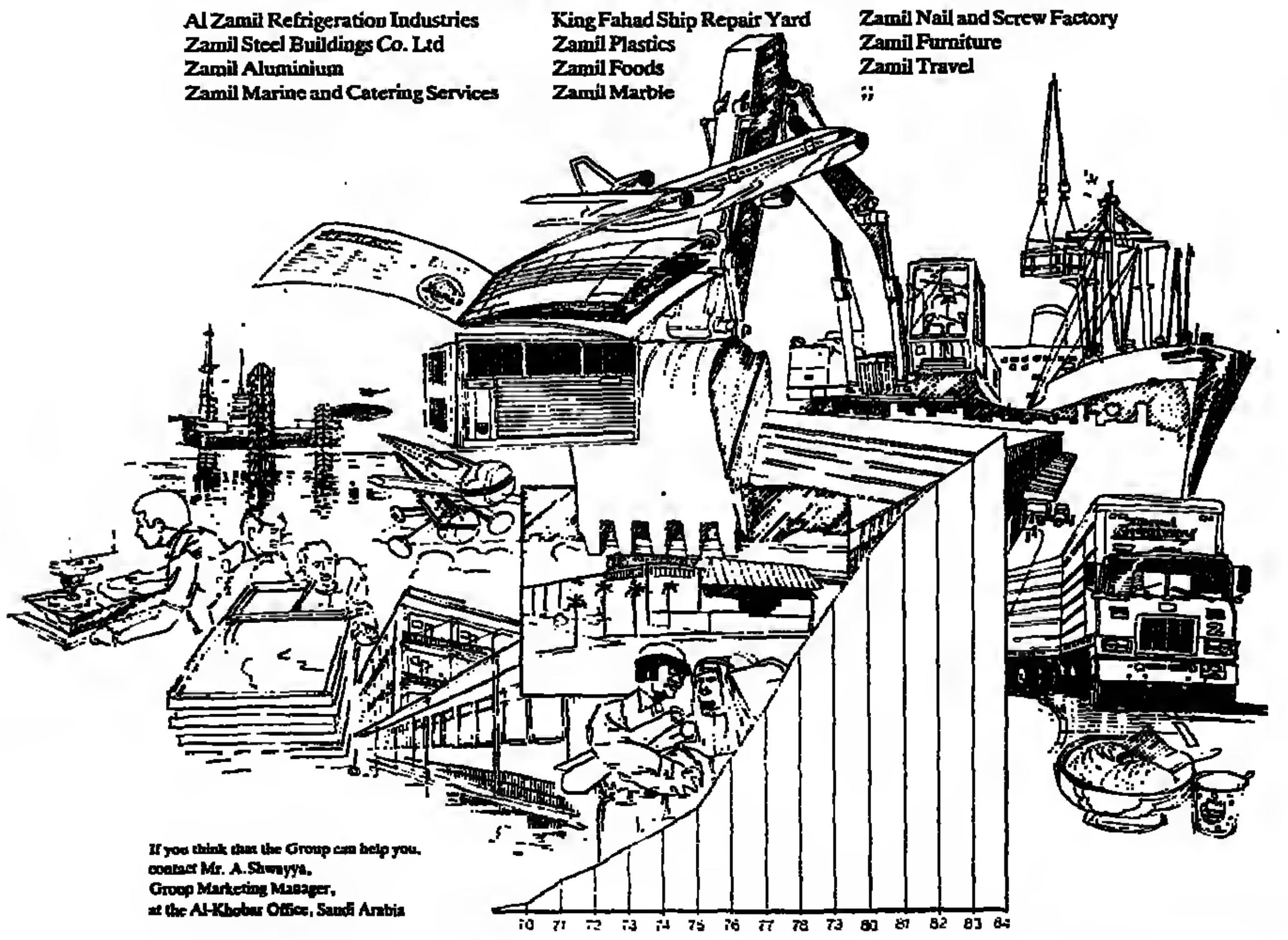
Its network of branches numbers over 178. It had reported income for 1983, for instance, of close to $100m.

But when the exchangers are converted to banks, they may lose some of their advantages. Their popular hours may be changed. They will not be able to match the 7 am to 10 pm convenience of new bank automatic teller machines. Al-Rajhi Company for Currency Exchange and Commerce may find itself forced to increase costs due to demands for more sophistication.

On the plus side, say the exchangers, they can move into the loan market without the burden of questionable "boom-time" loans. They are trusted by the average Saudi and Asian expatriate and have impeccable Islamic credentials.

The only thing they lack is a clear idea of where SAMA wants them to go, and when they will have to make the journey.

Currency hangs behind a Saudi money dealer in the Jeddah Souk



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هكذا من الأهل

Emphasis is put on efficiency improvement

King Fahd meets with businessmen

FINN BARRE

KING Fahd bin Abdul-Aziz laid his Government's cards on the table when he spoke at the Second Saudi Businessmen's Conference in Riyadh in March.

At this two-day meeting between businessmen and Government ministers, King Fahd said business would continue to receive full Government support. The Government, in turn, wanted business to shoulder more of the burden of the economy, he added.

He said Government help would now be predicted upon more efficient business practices. Profit magins on Government contracts were smaller, and those companies which failed to "do their maths" would go out of business.

The King's patronage of the conference underscores the Government's concern with its private sector. The conference served the dual purpose of telling the Saudi business community what the Government wants, and for the community to convey its anxieties to the Government.

But there are still many questions that have not been answered. Saudi businessmen, like most businessmen, applauded Government statements supporting free-enterprise, and proposals to turn more work over to the private sector. On the other hand, they were not half so enthusiastic about Government cuts in subsidies. They were also vocal in asking for more Government protection. Their pleas generally fell on unsympathetic ears.

Saudi businessmen wanted the Government to extend its rule requiring 30 per cent of every Government contract to go to 100 per cent Saudi-owned contractors. The Council of Ministers never even considered the proposal.

Saudi manufacturers want the pan-Gulf Co-operation Council Standards Organisation (formerly Saudi Arabian Standards Organisation) to upgrade quality standards for Saudi goods.

The businessmen also called for increasing the role of the private sector in agriculture, to continue subsidies, encourage export of animals and crops, and raise tariffs on agricultural imports.

The agricultural sector also wants more loans from the Saudi Arabia Agricultural Bank (SAAB) and wants the Ministry of Agriculture and Water to provide information on water resources.

This is easier asked for than given. The Government has no desire to subsidise export of wheat. By the end of the new five-year plan, total grain storage will be 1.8m tons of wheat, which is more than twice Saudi annual consumption.

The Government has already cut its wheat subsidies from SR 3.5 per kilo to SR 2.2. Subsidies may be shifted, but on wheat at least, there is no prospect of a hike.

Information on water resources may be an even more difficult request. Water data in the kingdom is as jealously protected as a national security secret.

The traders and manufacturers, in turn, want the Ministry of Commerce to improve regulations, and support the Government campaign against companies that say they are buying Saudi-made, or at least Saudi-sold products, but actually import them.

The Saudi businessmen have asked that the Saudi Arabian Monetary Agency lean on commercial banks to force them to make more short-term, medium, and long-term loans.

The bankers are clamouring for laws permitting them to seize collateral in the event of payment default. The businessmen proposed co-operation between the Government lending institutions such as the Real Estate Development Fund (REDF), the Saudi Industrial Development Fund (SIDF), SAAB, and the Public Investment Fund (PIF). Meanwhile, the industrialists want SIDF to reschedule its loans.

The businessmen also requested that the Saudi Government starts giving its aid in Saudi materials and services.

Dr Mahsoun Jalal, chairman of the Board of United Saudi Commercial Bank and head of the National Industrialisation Company, told the businessmen that he thought the private sector was still too weak to do as much as the Government wanted it to.

The Government officials who spoke to the meeting met the cries for more Government support with a pitch for private enterprise initiative.

Deputy Minister of Commerce, Dr Abdul Rahman Al-Zamil, said: "The private sector has the right to complain, but one notices that this sector does not practise what it preaches. It calls for Government's preferential treatment, but may I ask how many contractors used the local products out of their own initiative, and how many manufacturers used Saudi contractors to build their factories. If the answer is positive, I'd be more happy, for I think there are at least SR 70bn ($19.4bn) that could be utilised by Saudi businessmen in this regard."

King Fahd

The Government officials are aware that many smaller firms, particularly those in contracting, will go bankrupt this year. Most say such a shake-out is welcome.

One reason why the disappearance of these firms will be unlamented is because these are frequently brass-plate operations with little or no direct Saudi participation.

Saudi industrialists know that the Government can and does step in to help. A 20 per cent tariff on imported cable was enacted last year to help hard-pressed Saudi firms. Foreign refrigerated trucks are banned from carrying goods into the kingdom to preserve jobs for Saudi truckers. Any time local manufacturers can demonstrate that they can supply the domestic market, evidence of price cutting or dumping by foreign competitors can result in punitive tariffs.

If there was one thing the conference showed, it was that while both Government officials and Saudi businessmen wanted to enhance private sector participation in the Saudi economy, their approaches differed.

A switch from quantity to quality

Higher Education

ANTHONY McDERMOTT

THE spectacular King Saud University at Diriya just outside Riyadh is the showpiece of Saudi Arabia's higher educational system. Constructed in simple style of dark desert brown pre-cast concrete blocks, and organised along a format of spines leading to individual faculties under the shade of arches, it is also a symbol of the difficulties of building onto a traditional system brand new parts and concepts.

When in full operation, and the fourth anniversary of the project, which has cost over U.S.2bn, comes up in April 1985, it will be able to handle over 20,000 students.

It was designed by Helmut, Obata, Kassabaum (HOK) of St. Louis, in the U.S. HOK was also responsible for King Khaled International Airport (KHIA) at Riyadh.

The university will be a self-contained township of academic blocks, staff and student residence and sport complexes, a teaching hospital, a mosque and commercial and civic centres. The material facilities include advanced television and library systems, and advanced facilities for astronomy and metereology. In short, about the best money can buy.

There are signs that this approach has its limits. From the financial side, higher education like other sectors has already begun to feel the pinch of reduced oil revenues. On the physical and educational side, the system, having expanded impressively in its first 30 years, feels a need to concentrate less on the quantity of students it produces and more on their excellence. Both these aspects are being emphasised in the new five-year development plan (1985-1990).

The first modern university—the original King Saud University in Riyadh—was established in 1957. The ministry of higher education was set up only in 1975.

In this comparatively new but potentially crucial sector for the kingdom's future, development has been swift. The ministry's budget was a mere $3m in its first year. Last year it administered $180m, together with more than $7bn for the seven universities.

University enrolment has exceeded plan targets, rising from 1,300 in 1960-61 (no women) to 95,000 (of whom 35,000 were female) in 1984-85. The third plan projections were for 33,000 females and overall enrolment of 69,000. By the end of the decade, it is expected that the number of university students will be 167,000.

According to a review by the Ministry of Higher Education of "achievements during the third plan," the number of post-graduate students in the universities increased from 2,229 in 1979-80 to about 4,500 in 1984-85. Within these figures the non-Saudi element has fallen from 36 to 22 per cent.

Path to be followed will depend on financial constraints, enforced higher standards and Saudi-ising of teaching.

The full complement of students is made up of the seven universities, which account for the bulk of the numbers, some university related institutions, and girls' colleges, which come under the Higher Education Ministry through their own female-run administration.

Service to god and country, and science are very much the key themes of Saudi higher education.

Of the seven universities, the Imam Mohammed bin Saud Islamic University in Riyadh, the Islamic University and Umm Al-Qura University (the latter two based respectively in the holy cities of Medina and Mecca) have a strong religious bias, but not, it must be said, to the exclusion of subjects in the humanities fields.

The university of petroleum and minerals at Dhahran, through its name, indicates its own specialisation and feels confident enough to start next year, on a modest scale, courses leading to a doctorate.

The three other universities — of King Abdel-Aziz in Jeddah, King Faisal in Dammam, and King Saud in Riyadh —share a full range of faculties.

Nevertheless, and in spite of the formidable investment in higher education and teachers, it is broadly acknowledged that, so far, standards do not yet reach those generally accepted in the West.

Saudi Arabia supplements its own system by investing generously in student education abroad, at one time the number reached 20,000 in the United States alone. Under current allowances, covering books, clothing, equipment and medical grants, a good student in the U.S. can expect to receive up to $13,000 a year (females are only allowed abroad if accompanied by a close relative, such as a husband or brother).

But the expansion of facilities in the kingdom has meant that the number of those with scholarships abroad will decline sharply within the next two to three years, as current undergraduate programmes end.

Opportunities at this level will become rare. The concentration for those students who do go abroad will be on the graduate level and directed towards the acquisition of skills in scientific subjects, engineering and administration which can be of use to the kingdom.

Underlying this whole strategy lurks concern about how to find a balance between the old and the new, as the objectives of the third plan put it, how to prepare "intelectually and scientifically competent citizens to perform their duty in the service of their country and the progress of their nation in the light of sound Islamic principles and ideology."

There has not been unrest reported on the campuses, but, in the climate of Islamic fundamentalism in the Middle East, there are always some worries, especially where female education (which is carefully segregated.) may be involved. "The problem," as Prince Tabal, an outspoken half-brother of King Fahd and something of an educational pioneer remarked, "is not with the old generation as it is diminishing, but with the wave of religious extremism among young people."

It is likely that frustrations will grow, as students are made to work harder and find that the influential governmental jobs more readily available a decade ago, are scarcer.

In the end, after the period of considerable rapid expansion, the course higher education takes will be determined by the authorities having to make do with less money, enforcing higher standards, and "Saudi-ising" teaching, thereby obtaining greater commitment to the system. For, at present, only 7 per cent of full professors and 16 and 28 per cent respectively of associate and assistant professors are Saudis.

Concern grows over companies' solvency

Corporate Debt

FINN BARRE

CORPORATE debt is like a San Andreas fault underneath the Saudi economy. Credit is chafing against ability to pay, and some businessmen are growing worried about tremors in the economy.

As is usual in Saudi Arabia, a dearth of Government information makes bankers and corporate planners wonder if the eventual adjustment means a cataclysmic earthquake, or just a shake-up.

Government ministers, including the Minister of Planning, Hisham Nazer, and the Minister of Industry and Electricity, Abdul-Aziz Zamil, state that the debt problem is not particularly severe, and that a shake-out will occur in which small, poorly-managed firms will be forced out of business to the benefit of the kingdom as a whole.

Others look at the renegotiated debt problems of the Fahd and Ali Shobokshi Group, the troubles at Abdul Latif Jameel, the importers of Toyota, and the collapse last year of contractor Carlson Al-Saudia as disasters of major proportions.

Many, in private, blame the debt problems on slow Government payments, a position that the Minister of Finance, Mohammed Aba al Khail, has publicly denied several times. The Government says there are no deliberately-delayed payments.

The Bouygues-Blount joint venture that has built the new $3.4bn King Saud University campus near Riyadh is still waiting for several hundred million dollars of payments.

Other big American and French contractors are doing the same. Technip, of France, lost large sums completing a desalination plant in Saudi Arabia's eastern province.

The complicating matter in the debt problem stems from Government spending and delayed payment. The Government insists that most of the problems stem from inefficiency or an inability to judge that boom times have ended.

This was a common refrain during the Second Saudi Businessmen's Conference in Riyadh. The largest amount of debt occurred in construction sectors because small contractors borrowed liberally with the expectation of new and lucrative Government contracts.

These contracts are fewer and leaner. Much of this is due to competitive bidding, which has slashed 30 per cent construction margins to 5-10 per cent. The problem is made worse when delays occur through slow Government paperwork, or contractor problems in meeting guidelines and standards.

When contractors do not get paid they cannot pay for the services they require, and the debt problem snowballs. Suppliers find themselves in the position of the larger corporations where they are owed so much money that they cannot afford to cut off the client for fear of never seeing their money.

Some of the problems began through overstocking. Abdul Latif Jameel's inventory of Toyota cars and difficulties in paying for them cause strains with Toyota of Japan. Al-Essa of Riyadh, agent for Hitachi, manufacturer of Gibson air conditioners and general trading house, has the same problem. Margins on retail sales have fallen to near break-even point, and stocks are high.

Some companies, such as Abbar and Zainy, which are concentrated primarily in food and shipping, managed to keep inventories lower, but have not escaped unscathed. Food operations have not suffered as badly as others.

Companies still need transportation, but trucking is no longer the bonanza it was. E. A. Juffali and Brothers, which assembles Mercedes trucks in the kingdom, has been running its plant at half capacity, and may temporarily close it.

Probably the biggest shock to most of the merchants, and a telling blow to their ability to sustain large debt, was the drop in real estate values.

Prime property in Jeddah has fallen 38 per cent in value. For instance, land near the choice Palestine Road has fallen from $1,571 per sq metre to $971 per sq metre in two years. It is no longer possible to finance new projects, or bail out troubled operations with a quick sale of land.

This contrasts to the heady boom days of 1974-75, when Jeddah land prices shot up by 200 and even 400 per cent overnight.

This drop in values is disturbing to the commercial banks, which, in the end, are left holding the bag on most of the debts.

The Saudi state credit institutions, such as the Real Estate Development Fund, have such lenient payback plans of their interest-free loans, that they are not in much danger.

A sign of trouble, though, was the request, put through in the recent Saudi businessmen's conference, that the Saudi Industrial Development Fund reschedule payments.

The banks are particularly worried, because Saudis can legally insist through Islamic Sharia that they only pay back principal, and not the illegal interest on a loan.

Further they have been asking repeatedly for a legal mechanism for forcing "deadbeats" to pay debts. One favourite tactic is to have a Saudi client put assets located abroad where the bank can seize them in event of non-payment.

Although Saudi officials argue that Saudi businessmen will not willingly risk ruining their chances at further loans by defaulting, the banks are unconvinced. In this past year the banks have almost doubled their provisions for bad debts.

This has not prevented banks from making loans. According to the SAMA 1984 annual report, new loans last year rose from $847m to $1.924bn. At the same time, net disbursements by the kingdom's specialised lending institutions fell 16.6 per cent to put more of the burden on the commercial banks.

Saudi officials say the economy will resume reasonable growth by the end of this year, but merchants say it will take this year to get inventories down to size. Next year may be their year for recovery.

The prescription for viable companies is to increase operating efficiency, and control cashflow. But this is easier said than done.

More than one expatriate manager has moaned about the owners treating company treasuries as private purses. Some owners make no distinction between personal and corporate accounts.

"He says it's his money, so why not?" said one manager. "But we still owe money to everyone."

In small single-owner companies, this type of abuse is more widespread because there are no senior family members to call a profligate member to account.

Many disgruntled employees write letters to the local English press complaining about pay being several months in arrears.

The problem of debt, says one official, is not new. If one looks at the earlier days of the kingdom, that is certainly true.

But the problem that is certainly occupying minds in the kingdom these days is how to pay the debt, or more important, just how to get paid.

Subsidies are being reduced

Agriculture

ANTHONY McDERMOTT

"IT MIGHT almost be somewhere in England." The comment came from a visitor to a farm at Kharj, 50 miles south east of Riyadh, as he stared out through rows of plump, wet-nosed black and white cows chewing alfalfa, towards a green wheat field ringed on the horizon by brown hills.

This was an apposite remark about the striking, if costly, efforts the Saudi Government has been making within the last decade to make agriculture flourish.

What the Ministry of Agriculture and Water (MOAW) can point to is that the desert kingdom has achieved or is approaching self-sufficiency in wheat, eggs, chickens, milk and vegetables.

It has been as much a statement of political will as an economic experiment. Dr Abdul-Rahman Alas-Sheikh, the Minister responsible has been assertive in expressing this. In January, he told a newspaper that there had been many attempts "to dissuade us from agricultural production but we overcame them because we didn't want to be at the mercy of anyone."

But it is now accepted (and illustrated by the reduction in the generous wheat subsidy) that, as one Saudi official put it, "the experiment is over." He was alluding to the massive subsidy support given by the Government to private enterprise, which had produced spectacular statistical results. "Now," he went on, "the Government is saying the private sector must take up more fully its share of the burden and depend on itself."

The figures speak for themselves. Wheat production, a mere 3,000 tonnes in 1975, rose to 1.3m tonnes in 1984, and in the next harvest could be 2m tonnes. (Consumption is estimated around 800,000 tonnes). There is self-sufficiency in eggs, and the country is half way to that target in milk and broiling chickens.

At the same time, the direct contribution of agriculture to the economy must be put into proportion. While, in the last few years, this sector's growth rate has averaged over 6 per cent, it still contributes only 2.5 per cent of gross domestic product (GDP), and the recent rise in this proportion must be attributed in part to a fall in the GDP as a whole.

How has Saudi Arabia been able to modernise and make productive a sector which was known in the past for little more than the traditions of date farming and camel husbandry?

One input has been the use (or, for the doomwatchers, abuse) of the kingdom's water resources. This has provoked controversy, with pessimists arguing that to use water on the scale of 960bn gallons to produce 1.3m tonnes of wheat will do irreparable harm to the aquifers of partly non-renewable water.

But at the same time, most experts doubt strongly views that "water will run out by the year 2000," not least because, like oil fields, the full size of water reservoirs is unknown.

A clearer idea may be obtained with the publication due for later this year of a joint water study by the Ministry of Agriculture and Water and the U.S. Government.

An earlier hydrological study, initiated in 1973, had divided the kingdom into eight areas according to topographical and geological features and indicated "the existence of substantial underground water sources suitable for drinking and agricultural use."

It also indicated that one-third of the kingdom's surface consists of igneous rockbeds, which contain water on a small scale in valley sediment and underground fissures. The volume and quality of this underground water at any given time depends upon recent rain.

The other two-thirds of the surface consist of sedimentary rock-beds containing much bigger aquifers. Twenty of these (now 24) were identified in the mid-1970 survey. The study listed nine as being exploited and as providing abundant sources of high-quality water.

The most important of these is al-Saq aquifer in the eastern part of Qassim and Tabuk.

Together the nine aquifers coincide with the main farming areas in the kingdom: a "fertile crescent" sweeping round from Tabuk, in the north-west, east and southwards through the centre via Hail, Qassim, Riyadh and al-Kharj before curling back to Wadi al-Dawasir. They also supply more limited areas in the Eastern Province and around Taif and in Jizan in the west.

The resources are supplemented by 22 desalination plants for domestic and industrial usage which is on a minute scale compared with that of agriculture. Another 20 are planned to be in operation by 1990.

Water officials place their hopes for the future on new water finds, more efficient technology, dams and education in the economic use of water.

At present a somewhat unverifiable well-drilling licence system operates. It was a sign that the Saudi authorities are taking the consumption issue seriously when, in February, albeit only for domestic water uses, the metered charges were increased on a sliding scale, raising costs by eightfold above 150 cubic metres consumption per month.

The second major factor in the growth of agriculture has been Government financial support. This includes the free distribution of land, interest-free loans, outright subsidies for buying machinery, fertilisers and other materials, and a guaranteed purchase price for wheat.

On the last of these, until it was announced in the autumn that the price would be reduced over a varying time scale and depending on production levels from 3.5 riyals ($1) per kg (more than five times the world price) to 2 riyals, the Government was buying a 1.3m tonnes wheat harvest at the cost of around $1.3bn.

Dates and, to a lesser extent, other grain crops were also receiving subsidies. The decision on wheat was a clear sign that in times of comparative austerity the Government was not prepared to be an apparently endless source of funds, particularly given the enormous profits farmers were able to make.

At the lower price, Saudi farmers will have to become more efficient, but will still be able to make profits. According to calculations made by the Grain Silos and Flour Mills Organisation (GSFMO), even at 2 riyals/kg, a profit per kilo of 1.2 riyals can be made on yields of 5 tonnes/hectare, which is a level just above the average.

With the "experimental" era drawing to a close, trends are appearing which are likely to be strengthened in the next development plan period.

Clearly, wheat production levels will have to be controlled. GSFMO can cope with only 1m tonnes in its own silos (to be increased to around 1.5m tonnes). Another 1m tonnes is stored on farms.

This has led to delivery (and payment) delays of between six and seven months.

When wheat production has been rationalised, the way will be open for establishing a strategic buffer stock, estimated at about six months supply.

The Government and agricultural experts have also been urging diversification in crops. Masstock Saudia near al-Kharj, for example, has been experimenting over a 50 hectare area since June 1984 with planting onions, cabbages, lettuces, cauliflowers and carrots, and has shown that impressive quality goods can be produced. The al-Khorayef Group is to start experiments in the autumn with rice on its Riyadh farm.

Remarkable as the story of Saudi farming may be it has fallen short of several official goals. One is food self-sufficiency. Food exports exist. In 1983-84 they amounted to $12m or 36 per cent of all non-oil exports. Some 22 per cent went to the Gulf states. But by contrast, food imports have risen on a colossal scale. In 1979 they cost $2.2bn in 1982 $5.2bn, and in the following year they were estimated at $4.7bn.

This is due to the number of foreigners in the country—between 3m and 4m—and to habits of diet changing at a pace with which domestic production cannot keep up. For example, between 1975 and 1982 egg consumption rose threefold, and that of chickens by almost as much. Over the same period, meat eating rose by 42 per cent.

Farming has not succeeded in halting the drift of small farmers to the cities. This is because the attractions of industry and education have proved too strong and their holdings are of insufficient size to encourage large-scale mechanisation.

As a result, the traditional work force in the south west and the oasis is declining. On the other hand, an indigenous farm management class is slow to come forward.

Modern Saudi agriculture is more a matter of urban based business than farming in the European sense.

The Saudi Arabia Agriculture and Dairy Co has no Saudi labour working on the ground at its site near Riyadh, though Saudi make up 45 out of the company's 520 total work force. Masstock with its eight sites has only 50 out of 1,000.

Management is most often provided by the U.S., Australia, France and Britain. Farm labourers are usually Pakistanis, Indians, Philipinos, Thais or Sri Lankans.

The development of Saudi management is obviously vital to the success and continuation of the kingdom's agriculture. But there is little doubt that the agricultural programme will continue, although the priorities will change, money become tighter and higher technology and efficiency become the keywords.

Above all, oil revenues permitting, the Government is committed to subsidies—though on a lower level—and to monitoring more closely the all-precious commodity—water.

Saudi Arabian Agriculture

Farm production	1980/1	1981/2	1982/3	1983/4*
Broiling chickens (m kg)	55	82	137	201
Eggs (bn)	0.90	1.24	1.75	1.91
Milk (tonnes)	230,689	277,122	320,096	340,000
Wheat (tonnes)	85,435	239,690	740,478	1,400,000
Self sufficiency (%)				
Broiling chickens	24	29.5	43	n.a.
Eggs	81	88	98	n.a.
Milk	36.5	46.6	41	n.a.
Wheat	11.3	25.1	93	n.a.

* Estimates

Source+ Ministry of Agriculture and Water— Saudi Arabian Monetary Agency— and diplomats.

ABOVE: Students with chickens at the Faculty of Agriculture of the Riyadh University. BELOW: Well-kept and irrigated agricultural terraces north of Abha